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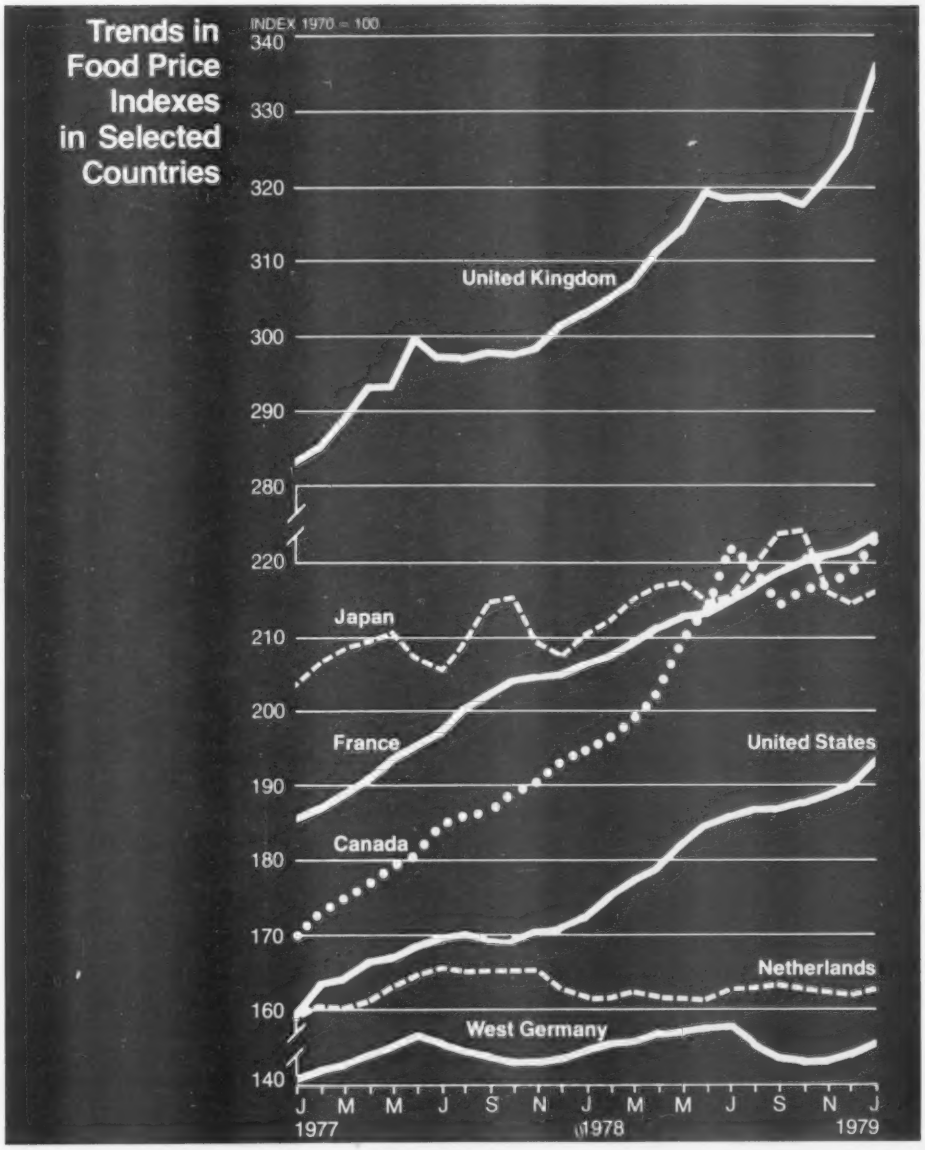

2 First Steps to China

6 International Grain Agreements

8 U.S. Poultry Exports Set Record

10 France's Farm Exports Rise

12 U.S. Exports

14 Health Foods in London, Paris

16 Brazil Farm Output Down

18 World Food Prices

20 Argentina's Farm Economy

22 Morocco Trims Food Imports

23 U.S. Farm Exports to Nigeria

25 World Food Program

28 Turkey's Record Farm Exports

29 New Zealand's Cattle Industry

32 El Salvador and Nicaragua

First Steps to China

By James C. Webster

A Chinese proverb says, "To reach far, one must begin with the first step"—

行远必自迩

登高必自卑

The author, who accompanied other USDA officials and U.S. farm cooperators to China in March, here talks about the initial steps—and probable pace—of agricultural trade between this country and China.

Two "first impressions" of today's China seem to be common among Americans who have not visited that world's most populous nation.

First, that China is somehow a backward country that needs our technology, but has nothing to give in return.

Second, that China's billion people make up a bonanza market for U.S. exports, ripe for the harvest.

Both, of course, are fantasy. As impressions, both are understandable, inasmuch as Americans became as ignorant of China during the past 30 years as the people of China became unaware of what was happening in the United States.

Beyond a few experts in each country, each of us only has impressions, but scarce real knowledge, of the other.

The opportunity to replace such impressions with real knowledge, gained by first-hand experiences and exposure, seems the most significant initial benefit of normalization of relations between United States and China.

There are, of course, other benefits—renewed agricultural trade not the least among them.

This process of learning, for both sides, has been building since 1971, but it accelerated last year with the first of a series of visits by U.S. Cabinet members, including Secretary of Agriculture Bob Bergland, to this once remote and forbidden land.

President Carter, in welcoming China's First Deputy Premier Deng Xiaoping (Teng Hsiao-Peng) to Washington January 29, said: "There is a Chinese saying that seeing is worth more than a hundred descriptions."

The truth of that proverb will be borne out on many occasions as American agricultural experts visit China in quickly growing numbers, and as China's top agricultural officials and technicians visit the United States. The accompanying box lists the principal visits.

Twenty-six USDA officials and perhaps more from State governments and the private sector of agriculture have visited China in the past 15 months—some of them on more than one occasion. Others in U.S. agriculture have visited as individual tourists.

What of these "first impressions?" Do they collapse easily after first-hand experience?

Yes, subject to one qualification—that 10 days does not a China expert make. Others who have undertaken similarly brief missions to China, and others who qualify as far more serious students of China, share the conclusion.

The notion that China is backward, especially in agriculture, vanishes before the realization that it provides a decent diet for most of its billion people on around half of the arable land area the United States has.

By U.S. standards, Chinese agriculture is inefficient. Perhaps more than three-fourths of all Chinese are involved in agriculture, compared with 4 percent of all Americans.

But measured on standards of energy efficiency or productivity per unit of land, China probably leads the world.

And what can one add about the civilization that developed several centuries ago (but later lost) the most

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Clockwise from top: Third from left, He Kang, China's Vice Minister of Agriculture, accepts U.S. cooperator proposals from FAS Administrator Thomas R. Hughes. Eugene Vickers, Western Wheat vice president (right), discusses baking techniques with Peking bakery workers. Vegetables are intergrown with citrus in this grove near Canton. Eggplant ready for market. Roland Hsu, a U.S. technician assisting in development of a modern poultry industry for Canton, discusses progress with Administrator Hughes.

advanced soil conservation techniques, or built an efficient irrigation system in Sichuan Province in 200 B.C.?

Here, too, is a country that gave the soybean to the modern world. Dr. Kenneth L. Bader, the agronomist who is Executive Director of the American Soybean Association, is one of those excited about the potential of learning what China has in basic soybean breeding stock.

He points out that it may be—just may be—that somewhere in a Chinese laboratory or growing in a soybean field in a remote province is the germ plasm (genetic breeding component) that can combine with work done in the United States to achieve the long-sought breakthrough in soybean yield.

Perhaps more significantly if U.S. agriculture hopes to gain anything (including an important export market) in China, we are well advised not to adopt the impression that we are dealing with people who are backward.

They are not backward but the Chinese do want to make some significant changes.

Agriculture is an area in which change is coming. Of China's "four modernizations," agriculture is either the first priority or "first among equals." (The others are industry, science and technology, and national defense.)

Modernization does not necessarily mean mechanization—China's immense labor supply argues against the need to displace large numbers of people with machines.

Modernization does mean opportunities for both our countries: For the Chinese, the technologies that can be adapted to its land, culture, and needs; for the United States, a market for

farm products, farm equipment, and processing machinery.

And for both, the opportunity to learn.

The potential market was the principal reason for the visit of seven FAS cooperator organization representatives to China March 15-25, along with Under Secretary of Agriculture Dale E. Hathaway; Thomas R. Hughes, Administrator of FAS; Jimmy D. Minyard, Assistant Administrator for Market Development, FAS; Robert B. Dollison, East-West trade specialist, U.S. Department of Commerce, and the author.

The visit produced results, but not results that can be measured in dollars, bushels, or tons—or in the immediate progress that, it once appeared, some Chinese leaders had wished.

The cooperators' approach to the Chinese market demonstrates why the second "first impression" is off target. This billion-person country is not an overnight bonanza for our exports, agricultural or otherwise.

China's appetite for U.S. wheat, for example, is limited by its port capacity, its milling and baking capacity, its transportation system, and its dietary habits.

So U.S. wheat cooperators, represented during the discussions in Beijing (Peking) by Eugene B. Vickers of Western Wheat Associates, offered to establish a small model bakery, help train Chinese bakers in the United States, hold seminars and training sessions in China, and make expert baking and milling consultants available to the Chinese.

Feedgrain, soybean, and feed supplement demand is likewise limited—in part by traditional dependence on vegetable protein in the diet and by the need for more efficient feed milling and mixing technology.

From these needs developed a joint offer, likewise accepted by China's Government, to send a team of U.S. experts to offer guidance in their plans to upgrade a compound feed industry. Working on this effort will be the U.S. Feed Grains Council, represented on the trip by Darwin E. Stolte; National Renderers Association, by Dean A. Specht; and the American Soybean Association, by Dr. Bader.

Bilateral efforts to improve China's livestock feeding illustrate how U.S. market development goals can and must dovetail with China's modernization plans.

China's top agricultural official is a Vice Premier, Wang Renzhong, who reports directly to Premier Hua Guofeng, and who heads a new State Agricultural Commission, made up of five cabinet ministries—Agriculture, Forestry, Land Reclamation, Water Conservation, and Farm Machinery.

He told the Hathaway delegation—expanded to include U.S. Ambassador

U.S., China Set Information Exchanges

The United States and China have already begun to exchange agricultural specialists in the areas of trade, production, and technology. Other exchanges are planned:

Reciprocal Exchange Trips

Team	*To China*	*To U.S.*	*Area*
Animal diseases	August or September	June	Animal health
Germ plasm	June or July	June or July	Plant breeding
Pest control	July	August	Biological pest control
Economic and statistical	To be set	To be set	Economic, statistical data

Commodity Team Trips

Team	*To China*	*To U.S.*	*Area*
Mixed feed	To be set	Trip completed	Mixed-feed technology
Livestock development	To be set	To be set	Artificial insemination, genetic evaluation, mohair production, possible purchase of Angora goats
Seed (incl. vegetable, forage, and grain subgroups)	To be set	Trip completed	Seed exchanges and possible joint production ventures
Fruit and vegetables	To be set	To be set	Production and canning of fruits and vegetables.
Citrus	To be set	To be set	Production, marketing technology
Baking (U.S. team to include a flour milling specialist)	To be set	To be set	Baking technology, milling information, possible construction of a model bakery in China
Production, processing, and marketing	To be set	To be set	Production, processing, and marketing of specific crops

Science and Education Team Trips

Team	*To China*	*To U.S.*	*Area*
Scientific research equipment	To be set	To be set	Equipment for research on crop and soil conditions, genetics, and plant physiology
Agricultural educators	July or August	August or September	University-level staff discussions

Leonard Woodcock, Agricultural Attaché William L. Davis, and U.S. Representative Bill Alexander of Arkansas—that the livestock sector was "one of the most backward" in all Chinese agriculture and that its improvement was important to improve the Chinese diet.

China's livestock sector consists mostly of poultry and swine near urban areas and goat and yak in more remote forage lands. China considers cattle less efficient grain converters. Swine and poultry (ducks outnumber chickens) are largely scavengers; China hopes to establish large-scale confinement facilities once feed supplies are assured.

The need to improve grasslands and forage crops in the west and north in part stimulated a proposal by the American Seed Trade Association's Wayne R. Underwood for cooperation in seeds, range management, and seed production.

Fruit and vegetable seed and field crop information also will be exchanged by ASTA members and the National China Seed Corporation, which had a delegation in the United States in March. The U.S. delegation is scheduled to visit China in the fall.

China's Vice Minister of Agriculture, He Kang, also expressed a desire to import a foundation herd of Angora goats. The livestock cooperator representative, Robert H. Rumler of Brattleboro, Vt., agreed to help arrange the sale.

Rumler also will help lead in developing an exchange of dairy scientists and technicians who can study techniques of artificial insemination and genetic evaluation. Milk production per cow in China appears to be less than half of the U.S. rate.

These exchange team visits, beginning in June, will provide substantial learning opportunities for both nations. But these alone are just the start.

The U.S. delegation also proposed to exchange experts in fruit and vegetable processing and production, food canning, and soybean production and processing. The Chinese volunteered interest in exchanges on laboratory equipment and agricultural education.

China's agricultural scientists who met with the U.S. delegation expressed a strong desire to see the technology and equipment used in the United States, to analyze crop conditions, genetics, soil conditions, and plant physiology.

Meanwhile, U.S. Agricultural Attaché Davis is carrying an increasing load in Beijing. However, the Agricultural Trade Act of 1978 mandates that we open a number of Agricultural Trade Offices around the world in the next few years. We hope to open one of those offices in Beijing. Preliminary discussions concerning this office have begun with Chinese officials. One difficulty will be the seriously tight situation on office space and housing.

This first cooperator visit to China, the first U.S. agricultural team to visit China after normalization, someday may be remembered as is the 1956 visit of a cooperator delegation to Japan. Cotton, wheat, tobacco, and soybean cooperators made the first contacts 23 years ago to establish a market development program that has been, in large measure, responsible for today's $4.4-billion market for U.S. farm products in Japan.

But those who seek overnight results in China should learn from the experience with Japan. It took more than 10 years from that first cooperator visit before Japan became this country's first $1 billion farm customer, another 10 years for that figure to quadruple.

China may be a $1-billion U.S. agricultural market this year, but its growth depends on how quickly Chinese export earnings can grow—and that, in turn, depends on such external matters as most-favored-nation (MFN) treatment by the United States and eligibility for Export-Import Bank financing, neither of which it currently enjoys.

(However, during the revisit to China by Commerce Secretary Juanita Kreps, the United States and China initialed a trade agreement. The agreement provides measures for trade facilitation and for a balance of concessions on trade barriers, such as granting of MFN.

If approved by Congress, the agreement should lead to an expansion of U.S.-China trade. With MFN status, China's exports to this country will be more competitive. They will therefore earn additional hard currency necessary for financing increased imports of U.S. products.)

Those in China who direct its agricultural modernization, and those in the United States who seek an expanded market for our farm products, have a similar recognition—that such progress often does not come in giant leaps but in slow and careful steps.

Here are two countries with vast differences in agriculture, political systems, cultures, and outlook. Yet, as President Carter told Vice Premier Deng:

"As long as we harbor no illusions about our differences, our diversity can contribute to the vitality of our new relationships. People who are different have much to learn from each other." □

"The notion that China is backward, especially in agriculture, vanishes before the realization that it provides a decent diet for most of its billion people on about half the arable land area the United States has."

Under Secretary for International Affairs and Commodity Programs Dale E. Hathaway appeared before the U.S. Senate Committee on Foreign Relations on May 8 to appraise:

Status of International Grain Agreements

The 1971 International Wheat Agreement (IWA) includes both a Wheat Trade Convention and a Food Aid Convention. The Wheat Trade Convention (WTC) provides for the establishment of the International Wheat Council as a forum for consultations and exchange of information. The WTC includes no obligatory provisions designed to regulate world wheat trade or to stabilize world wheat prices. The Food Aid Convention establishes obligations for the minimum annual amounts of food aid provided by donor countries.

Since it was first negotiated in 1971, this Agreement has enjoyed the support of United States producers and traders. It is a useful instrument for furthering international cooperation in wheat trade matters without imposing undesirable limitations on the United States. It is the most important international forum for discussion of wheat trade issues and hence provides a unique opportunity for experts on wheat from governments and the private sector to meet and assess the world wheat economy. The Food Aid Convention provides that other wealthy countries will share responsibility for food aid to developing countries. The minimum U.S. commitment of 1.89 million metric tons of wheat and coarse grains under the 1971 Convention is well below the quantities which the U.S. has provided under P.L. 480. Because the 1971 IWA has been regarded as a useful agreement by the U.S. and other member countries, it was extended for one year in 1974, 1975, and again in 1976.

At the World Food Conference in 1974, the United States, together with other nations, recognized the need for an international system of food reserves to provide world food security. The United States and others believed that such a system could best be developed within a new International Wheat Agreement. The United States first took the initiative in 1975 to submit a proposal for a reserve stock system to the International Wheat Council. But, after several meetings, there was not sufficient basis on which to convene a negotiating conference. Again in June 1977 the United States took the lead in proposing negotiation of a new International Wheat Agreement based on a system of internationally coordinated, nationally held reserve stocks.

Serious negotiations on a new IWA began in September 1977 and a full-scale UNCTAD (U.N. Conference on Trade and Development) negotiating conference was held in Geneva during February and March 1978. At that conference, it became clear that work on a new agreement could not be completed before July 1978 when the 1971 IWA would expire.

The Council therefore decided to extend the existing 1971 IWA for 1 year—from July 1, 1978, to June 30, 1979. The United States supported this extension.

As you know, the UNCTAD Conference to negotiate a new IWA has adjourned without success. Beginning with the first Conference session in February and March 1978, significant obstacles to a new agreement were encountered. The first session broke up over two issues. First, some countries insisted that the WTC include provisions for rigid minimum/maximum prices similar to those in the 1967 agreement. Although the United States and others agreed that the agreement should seek to keep prices within an agreed range, we firmly believed that the obligations must be defined in terms of measures which directly affect supply and demand, such as reserve stock accumulation and release, production adjustment, or consumption adjustment. We did not believe that an agreement based on minimum/maximum price provisions could be workable and equitable.

Second, the European Community proposed a coarse grains trade convention which would also include obligations for reserve stocks and minimum/maximum prices. No other important grain-trading country was willing to consider an agreement on coarse grains which would impose specific obligations. Although the United States indicated its interest in the stability of coarse-grain markets, which directly affect our livestock sector, we did not find that other countries could make a meaningful contribution to an agreement designed to achieve greater international stability. Thus, the Conference recessed in March 1978.

After several meetings of an Interim Committee and numerous bilateral consultations, it was agreed that the new Wheat Trade Convention would be based on a reserve stock system and would not include rigid minimum/maximum trading prices. It was also agreed that the coarse grains trade convention would be consultative in nature. With these issues resolved, a second Conference was held in November 1978. But this session adjourned without agreement on reserve stock size, price levels, and several other key issues.

A final attempt was made in January and February 1979. But, despite substantial agreement on a text for a new Wheat Trade Convention and virtually complete agreement on a new Food Aid Convention, the Conference could not reach a consensus on three key issues:

- **Size of reserve stock commitments.** The United States, other exporters, and the developing countries had supported a total reserve stock of 30 million tons. At the end of the Conference, pledges had been made for a total of about 18 million. We did not believe that this total would provide an adequate basis for an effective reserve stock system and were disappointed in some contributions.

- **Price levels for reserve stock accumulation and release.** The United States supported price levels which would provide a workable reserve stock mechanism and

which were realistic in terms of the market outlook. At the end of the Conference, there was substantial agreement among some key countries, but the developing countries in particular insisted on a price range which would not have provided a realistic basis for a reserve stock system and which was much lower than the range acceptable to producers and exporters.

• **Special provisions for developing countries.** The developed countries generally had agreed to a special committee which would seek to mobilize and coordinate existing bilateral and multilateral sources of assistance to developing countries which undertake to hold reserve stocks. They also had agreed to special rules for accumulation and release of developing-country reserve stocks subject to review by a committee. But developing countries sought a new fund for financial assistance and special rules for their reserve stocks based only on unilateral declaration. These issues were not resolved.

In the end, the Conference adopted a resolution calling for an extension of the 1971 IWA and for continuing consultations on the issues blocking completion of a new agreement. At its March meeting the International Wheat Council did decide to extend the 1971 IWA for an additional 2 years. This Fifth Extension will be submitted to the Senate for ratification in the near future.

After adjournment of these negotiations, where do we go from here? Consultations will continue on possible resolution of the issues which prevented agreement at the Conference. If we were confident that these issues could be successfully resolved, then a new Conference could be reconvened. The United States had made every effort to find a basis for compromise. But we will not compromise to the point at which we lack confidence that the agreement can work. Our bottom-line positions were based on an assessment of market reality and an assessment about what constituted a workable agreement. At the moment, there is no evidence that the positions of other participants in the Conference have changed. Thus, the prospects for an early resumption of negotiations on a new IWA do not appear very good.

However, it may be possible to complete the work on a new Food Aid Convention. The new FAC had been virtually completed by the Conference. Although the total pledges still fall short of the 10-million-ton minimum recommended by the World Food Conference of 1974 and supported by the United States, the new Convention would provide for a meaningful increase in food aid commitments. At the March 19th meeting of the Food Aid Committee, the United States indicated its desire to complete the new Food Aid Convention as early as possible. We also stated our intention to fulfill our pledge to maintain a minimum food-aid program of 4.47 million tons of grains and rice. At the next meeting of the Food Aid Committee in June, we hope that other donor countries will join us in implementing their new pledges and completing the new Food Aid Convention. In order to assure our ability to maintain our P.L. 480 program at this minimum level even in years of tight supply, the Administration is also seeking Congressional authority to establish a special Food Security Reserve, which has been called the International Emergency Wheat Reserve. We hope that other food-aid donors will consider similar measures.

The objectives of the United States for the international wheat market should remain the same. We want to encourage the vigorous expansion of U.S. export earnings, which constitute the foundation for a strong, healthy farm economy. We want to pursue policies which put our export sector on a firm foundation for long-term growth. We believe that reasonable stability in the world market encourages such long-term, steady expansion of world wheat trade. All participants in the world wheat market could benefit from greater international cooperation in which the burden of responsibility for market stability and food security would be more equitably shared among major wheat-trading countries. We continue to hope that such cooperation could be achieved on the broadest possible basis, including both exporters and importers, both developed and developing countries. In international fora such as the International Wheat Council, the World Food Council, and the Food and Agriculture Organization (FAO), we will continue to work with other nations which share our objectives for an expanding, stable world wheat market.

Also, we will continue to meet with the other major wheat exporters in pursuit of these same objectives.

In these discussions, the United States wants to know how other countries may be able to contribute toward common objectives for an expanding, stable world wheat market. We will want to be sure that any U.S. policies to ensure fair prices to farmers and to enhance the long-run health and stability of the world wheat market can be matched equitably by others. In order to be effective, it is necessary that any measures directly affect the supply-demand situation in the world market. We will not be interested in any schemes in which the U.S. would end up making all of the effort.

In looking toward the future, and in particular as we evaluate some of the rather sweeping proposals for change in current policy, I think it is important to put the current situation in perspective. Beginning with the 1975/76 crop in the United States, and the 1976/77 crop worldwide, we have seen a series of excellent world wheat harvests. In particular, the 1976/77 and 1978/79 world wheat crops of 415 million tons and 436 million tons, respectively, were far above trend production. Thus, we saw a precipitous decline in prices in 1976/77. The bottom was reached in August 1977 when farm-gate prices were actually below the loan rate in many places.

The 1977 Farm Bill became law in October of that year and, with the programs provided for by that law, especially the farmer-owned reserve and the set-aside programs, we have been able to turn the price situation around, despite the large harvests around the world this year. Assuming that weather and harvests are closer to average in the coming years than in the last three or or four, I think it is safe to say that we have gotten through the worst period of depressed prices.

Of course, we still have problems and unfulfilled objectives. Some countries continue to practice disruptive export pricing policies, and we will need to use the recently completed subsidies code and other measures to press for greater discipline in this area. The United States continues to bear a disproportionate share of the responsibility for world reserve stocks and for other supply adjustment measures. □

Exports of U.S. Poultry, Eggs Set Record for Seventh Straight Year

By Hilton P. Settle

Exports of U.S. poultry, eggs, and products reached a new high in calendar 1978, the seventh straight record-setting year. This occurred despite continued limited access to many markets around the world, increased production in major countries, and subsidized competition. These exports totaled $340.9 million, a gain of 10 percent from the previous year—and more than double 1975's level.

The top five markets last year, in terms of value, were: Japan, $71 million; Canada, $45 million; Venezuela, $29.4 million; Hong Kong, $24.5 million; and West Germany, $21.1 million. These markets accounted for 56 percent of the total value of all U.S. poultry and egg exports during 1978.

U.S. poultry, egg, and product export statistics were reclassified January 1, 1978, to include meat and offals of small game, and feathers and down. For comparative purposes, the export statistics prior to 1978 shown in the accompanying graph have been adjusted to include these two categories.

Based on value, the record year included export increases of 20 percent for live poultry, 17 percent for poultry meat, and 10 percent in the egg category.

Within the poultry meat category, substantial increases were registered in exports of chicken parts, turkey parts, and whole turkeys. Exports of chicken parts rose a robust 31 percent to $100.4 million in 1978, accounting for 29 percent of the total value of U.S. poultry, egg, and product exports. Export sales of turkey meat in 1978 were $34.2 million, with whole turkeys and turkey parts registering gains of 21 and 23 percent, respectively.

U.S. exports of shell eggs for consumption decreased 9 percent to $17.1 million in 1978, but exports of egg products picked up the slack with a 19 percent advance to $26.6 million.

Japan remained the top market ($71 million) in 1978 for U.S. poultry and eggs as sales there surged 37 percent above 1977's level. Japan took $47.7 million of chicken meat and $16.9 million of egg products last year to maintain its No. 1 status for these products. Also noteworthy was a substantial increase in turkey meat shipments that totaled $1.8 million, up 114 percent from year-earlier levels. These gains occurred despite an 11 percent increase in Japan's domestic poultry meat production.

In fact, the United States supplied an estimated 74 percent of Japan's total chicken meat imports in 1978 and was the sole supplier of turkey meat.

Chicken parts, primarily chicken legs, continued as the leading poultry export to Japan, with shipments of $41.5 million in 1978, up an impressive 59 percent.

The U.S. Agricultural Counselor, Tokyo, reported that a survey by the office of the Japanese Prime Minister showed that domestic purchases of chicken meat per household (average 3.8 persons) during January-October 1978 rose 7.1 percent—to 22.8 pounds (10.4 kilograms)—compared with the same 1977 period.

This high rate of increase seems to signal a shift in consumer demand to poultry meat from fish, which has become more expensive as a result of the imposition of 200-mile fishing limits. Another factor explaining the wider acceptance of poultry meat is its relatively low price, compared with pork and perhaps beef, although it is generally believed in Japan that chicken is not a direct substitute for beef.

Despite its rapid expansion in the last 2 years, Japan appears to have the potential for further growth in poultry and egg imports and the United States should continue to expand its market there.

A significant development in Japan's poultry meat imports in 1979, however, may be increased shipments from Thailand. The U.S. Agricultural Counselor reports that these imports from Thailand, on a customs clearance basis, more than doubled to 7,553 metric tons during January-November 1978, compared with the year-earlier period. About 40 percent of the Thai poultry meat exports to Japan were chicken legs, the balance was boneless chicken meat with skin, cut to Japanese requirements.

Several Japanese trading companies are reportedly sending specialists to Thailand to provide technical assistance in the production of broilers.

Elsewhere, U.S. poultry and egg exports to Canada ($45 million) increased 2 percent in 1978, despite production increases and the existence of import quotas on eggs, egg products, and turkey meat.

U.S. exports of chicken meat totaled $13.4 million, registering a 14 percent advance from 1977. In addition to national agencies for egg and turkey products, Canada is expected to establish a National Chicken Marketing Agency this year. It will encompass a national supply-management program for chicken meat, including production and import quotas that may affect the level of U.S. chicken meat exports to Canada in the future.

U.S. total poultry exports to the European Community (EC) climbed 10 percent to $37.2 million in 1978—a significant gain in face of the highly protectionist EC import system for poultry and egg products. Prepared and preserved poultry items, however, shipped to the EC

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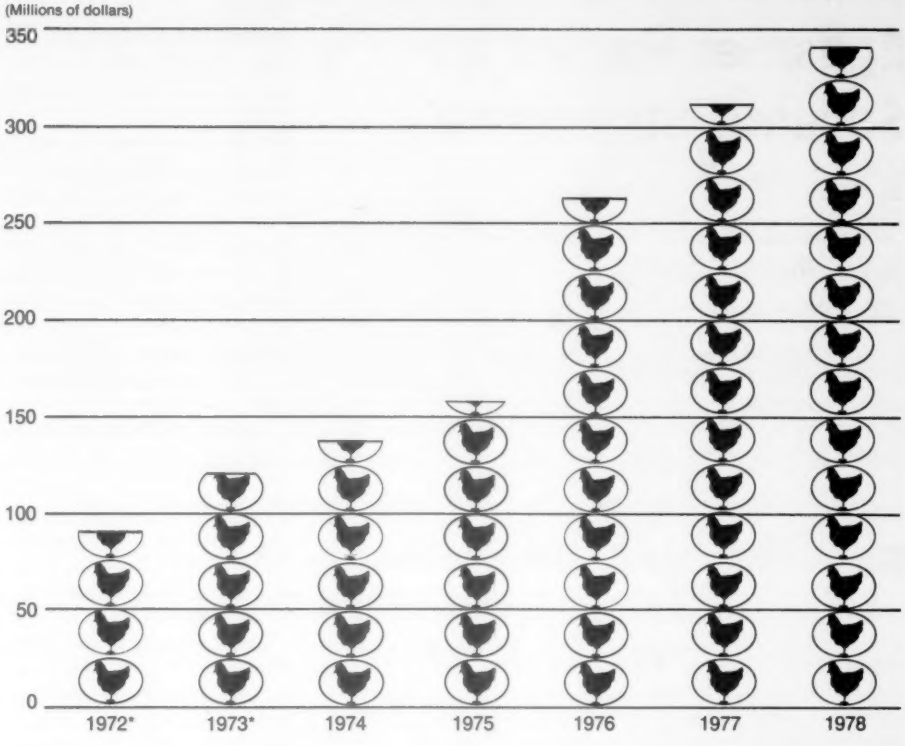
are bound under the General Agreement on Tariffs and Trade (GATT) at a 17 percent ad valorem duty. These products, the principal items exported to the EC, continued to rise in 1978.

West Germany is the most important market ($21.1 million) within the EC for U.S. poultry and egg exports and its purchases increased 7 percent in 1978. Turkey meat exports, composed mainly of prepared products, expanded 25 percent to $14.1 million.

Last year, U.S. poultry and egg exports to the Caribbean countries increased 21 percent to $37.2 million. Chicken parts, totaling $16.4 million, were the major poultry item exported to this area. However, broiler exports soared 221 percent to $4.4 million.

The major importing countries in this area during 1978 were: Jamaica ($9.6 million); Leeward and Windward Islands ($6.8 million); Netherlands Antilles ($6.2 million); Trinidad and Tobago ($4.8 million); and Bermuda ($3.4 million).

U.S. Exports of Poultry, Eggs, and Products, 1972-78



*Includes albumins and derivatives.

The strongest growth market during 1978 was Venezuela. U.S. poultry and egg exports to this market grew 99 percent to $29.4 million. The major item shipped to this petroleum-exporting country was broilers valued at $23.4 million, up a whopping 568 percent over 1977's level. As long as the Government of Venezuela does not limit access to this market, U.S. poultry and egg exports should continue their healthy growth of last year.

Earlier this year, a U.S. Food Safety and Quality Service (FSQS) official conducted a highly successful poultry and egg grading seminar in Caracas for Government officials and Venezuelan traders.

This event was sponsored under the cooperative market development program carried out by FAS and the Poultry and Egg Institute of America (PEIA).

In the Hong Kong market, U.S. poultry and egg exports face severe competition from the People's Republic of China (PRC). Hong Kong's poultry meat imports set a record in 1978 by rising 12.5 percent to 43,200 tons, reports the U.S. Agricultural Officer there. This level is more than double the amount Hong Kong imported in 1970.

Shipments from the PRC accounted for 62 percent of this market while the U.S. share stood at about half this level.

Chicken parts, mainly chicken wings, continued to be the major U.S. item shipped to Hong Kong by increasing 5 percent to $14.4 million. Exports of table eggs declined 26 percent in value to $6.2 million.

The United States supplied all of Hong Kong's frozen turkey imports, valued at $1.1 million, and 87 percent of its frozen chicken wing imports. However, the PRC dominates the whole bird market, but South Africa is also a factor. South Africa continued to ship only frozen whole broilers to Hong Kong in 1978, supplying 2 percent of the colony's total poultry meat imports.

Per capita consumption of poultry meat in Hong Kong reached 40.3 pounds (18.3 kilograms) and is forecast to climb still higher this year. Imports of poultry meat are forecast to reach 48,500 tons in 1979 and could increase even more if pork and beef prices continue to rise.

In 1978, the Singapore market for U.S. poultry and egg exports continued to grow as U.S. sales there increased 17 percent to $11.1 million. Imports of $6.9 million in chicken parts, up 15 percent, were the major U.S. poultry item shipped to Singapore in 1978. Of particular interest, however, was the 39 percent increase in broiler exports to $2.6 million.

There were numerous bright spots in the Middle East for U.S. poultry and egg exports in 1978 with many countries showing large increases. Saudi Ara-

Continued on page 34

French Agriculture Is Increasingly Tough Competitor

By Wayne W. Sharp

France—in recent years the world's second largest exporter of agricultural products—is expected to offer increasingly tough competition in the world market to U.S. farm producers. French agricultural exports totaled $12.2 billion in 1978.

Generally favorable weather in 1978 resulted in very good outturns of most French crops. Ample exportable supplies of many commodities are available.

- The record grain harvest of 45.5 million metric tons should allow export during 1978/79 of about 18 million tons.
- Deciduous fruit harvests were above 1977 levels. Imports are expected to decrease.
- Sugar production was down slightly in 1978 from the 1977 level but much of the exportable surplus may be forced on the world market with subsidies because other European producers also had good sugar crops.
- Imports of walnuts and dried prunes are expected to be lower this year than last because of good domestic outturns in 1978.
- Tobacco production returned to normal in 1978 and in 1978/79 should provide about 40 percent of total domestic need.
- Red meat production was 2.2 percent higher in 1978 than in 1977, poultry 6.7 percent, and milk deliveries 2 percent.

The Government's current economic policies include programs to bring the country's trade balance into equilibrium, decrease inflation, and make France a more effective international competitor.

An expanded share of world markets is to be achieved—under the plan—by greater domestic competition (including price decontrol), reduced subsidies to public and private enterprises, and a new willingness to let declining sectors of the economy be reduced or go under.

To date, these measures have been limited to the industrial and public sectors, but it is questionable how long the agricultural and food industries can remain isolated from the trend toward increased price competition.

Overall economic growth in 1979 is forecast at about 3.5 percent—not sufficient to reduce unemployment significantly. Imports are likely to increase slightly over 1978 levels, while exports are expected to stabilize. Some improvement in inflation performance is expected, but the consumer price increase is likely to be greater than the official target of 8 percent.

Total U.S. agricultural exports—excluding transshipments—to France rose 22 percent in 1978 over the year-earlier level to $568 million.

However, U.S. imports from France rose 40 percent to $401 million. Since 1970, U.S. imports from France have grown 273 percent, while U.S. exports increased by only 246 percent. Hence, France is becoming not only a major competitor in world markets, but in the U.S. market as well.

The situation in brief and outlook for major commodities:

Grain: The anticipated rebound in exports to the 1973/74 level of about 18 million tons would include about 10.6 million tons of soft wheat, 4.2 million tons of barley, and 2.6 million tons of corn.

Corn imports — mostly from the United States—are expected to revert to the normal level of about 600,000-700,000 tons. Even if corn production increases rapidly, imports are projected to remain constant because of expanding consumption.

Rice imports from the United States were 61,600 tons in 1977 and an estimated 58,000 tons in 1978.

Use of grain for feed jumped from 15.4 million tons in 1976/77 to 17.2 million tons in 1977/78 because of a gain in on-farm feeding. Use of cereals in compound feed dropped to 7.6 million tons because of increased manioc usage.

Total production of compound feed rose 7.1 percent to an estimated 12.3 million tons in 1977/78. For 1978/79, total use of cereals for feed is forecast to be stable because use of cereals in compound feed may have reached the technical minimum and no big change in on-farm use is foreseen.

The financial consequences for the European Community (EC) of permitting unlimited imports of manioc, which generate minimal tariff revenues compared with feedgrains, threaten to become critical. EC expenditures to cover export subsidies for grains that have been forced out of the EC market by manioc imports will increase.

French cereal producers are urging restrictions on manioc imports through imposition of a variable levy and perhaps quotas and voluntary restraints as well.

Red meat: Although total red meat output in 1978 was a relatively high 3.5 million tons, consumption rose faster. Exports continued their downward trend, while imports rose 13 percent to an estimated 630,000 tons.

Live cattle exports in 1978 were 1.32 million head in 1978, compared with 1.26 million in 1977 and 1.38 million in 1976. Imports reached 295,000 head in 1978, up from 258,000 in 1977 and 148,000 in 1976.

Total red meat production in 1979 is forecast to reach about 3.5 million tons—about equal to 1976's record high.

Red meat exports may increase about 12 percent over 1978's 267,000 tons. However, imports of pork and live hogs in late February were hampered by French farmers who stopped trucks at the border and emptied them on the highways. The farmers wanted the EC monetary compensatory amounts either lowered or abolished, since they have the effect of export assistance for countries with strong currencies (e.g., West Germany, the Netherlands, Belgium). Another grievance of the French farmers—particularly cereals producers—is that imports of manioc are displacing French cereals in feed.

Mr. Sharp is U.S. Agricultural Counselor in Paris.

Red meat imports should level out at around 635,000 tons—about equal to the 1977 level.

Imports from the United States have been principally variety meats and horsemeat, but high-quality U.S. beef for France's expanding tourist industry is now a real possibility because of concessions in the Multilateral Trade Negotiations.

Poultry: Production of all poultry meat was a record 963,000 tons in 1978, 6.7 percent greater than in 1977. Chicken output gained 6 percent and turkey production a strong 11.8 percent over the 1977 total.

Poultry meat exports jumped 12 percent in 1978 to 116,600 tons, mostly because of subsidized shipments to Mideast destinations and other non-EC markets. Saudi Arabia again was France's leading customer.

Dairy: Production of dairy products in 1979 will depend heavily on the continuation of EC measures, implementation of new production disincentives, and the effects of the new European Monetary System.

Milk production in 1979 is projected at 31.7 million tons, slightly higher than the 1978 total. Cheese exports will likely expand again by 2-3 percent, and casein exports, spurred by a forecast 13 percent increase in production, to a possible 26,000 tons or more. With increased butter production, France probably will not be a net butter importer in 1979.

Oilseeds: Production of oilseeds in 1979 is forecast below 1978's 711,500 tons because of drought at planting time for winter rapeseed. However, imports during 1978/79 probably will not increase much because of improved 1978 rapeseed availabilities and an anticipated slight increase in compound feed production.

However, if manioc use continues to increase, demand for soybeans will also rise. Relatively low prices for soybeans could have a large impact on imports, although imports of U.S. soybeans in 1979 probably will continue close to the 1978 level—87 percent of the 782,113-ton imports.

Sugar: EC disincentives to sugar production indicate a probable drop of about 10 percent in sugarbeet area for 1979, resulting in beet sugar production about 20 percent below 1978's 3.7 million tons. Exports during 1978/79 are forecast at 2.1 million tons. In view of present world surpluses, such exports from France would have to be heavily subsidized.

Deciduous fruit: Despite 1978's cold, wet spring, deciduous fruit production for the year is expected to be 30 percent higher than in 1977.

Outturns of apples, pears, and table grapes were particularly good—up to 32, 29, and 13 percent respectively, over 1977 levels but still below the 6-year average.

Peach production in 1978 was up 27 percent from the 1977 total. Production of prunes and walnuts in 1978 also benefited from the favorable weather. U.S. exports of prunes and walnuts to France probably will be lower in 1978/79 because of good French harvests.

Citrus fruit: Total citrus imports in 1977/78 are estimated at 1.1 million tons, almost 4 percent above the 1976/77 level. Below-normal harvest of domestic fruit in 1977 resulted in higher citrus imports. The U.S. share of summer-orange imports dropped from 17 percent in 1977 to 4 percent in 1978. Higher

Top: Harvested wheat ready for threshing near Beauvais, France. Middle photo: A cheese storage area in the Rungis market on the outskirts of Paris. Bottom photo: Cognac for export at Le Havre.

prices and irregularity of shipments from California resulted in a smaller U.S. share of the French lemon market.

On the other hand, U.S. grapefruit exporters improved their share of the French market. Citrus and other fruit and products accounted for 9 percent of U.S. agricultural trade with France in 1978. Total imports during 1978/79 are forecast to drop about 2.5 percent. Imports of U.S. oranges and lemons are expected to be smaller in 1979 than in 1978, but U.S. grapefruit imports are expected to be 6-8 percent higher.

Tobacco: Total French tobacco production for 1978 is estimated at 55,000 tons, up 26 percent from the 1977 level. Imports of raw tobacco in 1978 are estimated at another 55,000 tons, also up 29 percent from the year-earlier total.

Imports from the United States are estimated at slightly more than 2,000 tons. Manufactured tobacco imports are estimated at 14,980 tons, up slightly from the 1977 level.

Cotton: After stabilizing at around 200,000 tons annually over the past 3 years, cotton consumption dropped 12 percent to an estimated 175,000 tons in 1977/78—a level that is not expected to recover because of the depressed state of the French spinning and weaving industries. However, cotton imports in 1977/78 remained at a relatively high level, 213,000 tons, compared with 208,000 tons in the previous year.

The U.S. market share of France's raw cotton imports improved from 6.7 percent in 1976/77 to 9.6 percent in 1977/78 (20,422 tons). Imports are expected to be down slightly in 1978/79 to about 175,000 tons. □

U.S. Farm Exports Advanced Strongly During October-March

By Sally Breedlove Byrne

Agricultural exports from the United States during the first 6 months of fiscal 1979 (Oct. 1978-Mar. 1979) increased by a sturdy 26 percent over the year-earlier level to $15.9 billion.

Increases were achieved by all major commodity groups, with the sharpest gain made by oil seeds and products, animal products, and nuts.

Higher prices for major commodities accounted for most of the value gain, but volume also rose. The export tonnage of major bulk commodities increased 9 percent.

U.S. agricultural imports increased 17 percent to $8 billion in October-March, with almost half the gain in meat imports. Volume rose 31 percent, and the import price averaged 35 percent above the year-earlier level.

Value gains were recorded for imports of all major commodities except coffee and sugar. Volume increased for all major commodities except sugar and vegetable oils. Import volume of green and processed coffee increased 26 percent, but the import price dropped 23 percent.

The surplus of U.S. agricultural trade widened from $5.8 billion to $7.9 billion during October-March. Meanwhile, the total U.S. trade deficit declined to $10 billion from $19 billion a year earlier.

Wheat export demand was up during October-March. Volume gained 6 percent, and the export unit value—$139 per ton—was 20 percent above the same period in 1978.

In addition to the large shipments to China, increases were recorded in shipments to Western Europe, the Middle East, East Asia, and Pakistan.

Exports to Mexico rose from 244,000 tons to 709,000 tons, and exports to Japan increased 15 percent.

U.S. wheat exports to the USSR fell from 1.8 million tons to 1.0 million tons. Direct exports to Eastern Europe dropped sharply. Shipments to North Africa declined 44 percent to 861,000 tons. Export volume was down 15 percent to Brazil and 9 percent to Korea.

U.S. **rice** exports rebounded strongly from the reduced volume of a year earlier. The export unit value averaged $384 a ton, up from $366. Much of the value increase was a result of expanded volume and prices for parboiled rice.

Rice shipments to Indonesia were down sharply from those of a year earlier because of better harvests there. This decline was offset by larger shipments to Western Asia, Western Europe, Africa, and Latin America. Exports to Western Asia increased from 254,000 to 445,000 tons.

U.S. **feedgrain** exports increased 3 percent in volume during October-March. The export unit value rose from $98 per ton to $105. The volume gain was a result of a 6-percent increase in corn shipments, as sorghum exports declined 7 percent and barley and oat exports fell by more than half.

China accounted for much of the volume in-

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U.S. Farm Export Highlights

• U.S. agricultural exports expanded substantially in the first half of fiscal 1979 to all regions except North Africa and the USSR. Shipments to North Africa declined 9 percent in value, and exports to the USSR fell from $725 million to $562 million.

• Exports to China jumped from $118 million to $539 million. Shipments included 1.4 million tons of wheat, 2.1 million tons of corn, and 66,000 tons of cotton.

• Export unit values were up for all major commodities—soybeans by 17 percent, feedgrains 7 percent, and cattle hides 52 percent.

• Despite political turmoil in Iran, U.S. agricultural exports to that country rose 12 percent in value. Vegetable oil and rice shipments increased in volume, but wheat and feedgrain exports declined.

crease. In addition, shipments increased 28 percent to Eastern Europe, 53 percent to Korea, 100 percent to Taiwan, and 44 percent to Mexico. Exports to Brazil increased from 31,000 tons in October-March 1978 to 802,000 tons in the comparable 1978/79 period.

Declines were recorded in feedgrain exports to several leading markets. Exports to the USSR dropped from 4.5 million tons to 2.0 million tons. Shipments to Western Europe declined 14 percent, and shipments to Japan decreased 5 percent.

Soybean exports continue to increase rapidly. U.S. soybeans were virtually the only soybeans available on the world market during October-March because of the reduced 1978 Brazilian crop. Poultry and hog industries are expanding in most countries, generating stronger demand for imported feeds.

The soybean export unit value averaged $262 a ton, up from $224 a year earlier.

Volume gains were recorded to all major regions except Eastern Europe. Exports were up 13 percent to Western Europe, 3 percent to Japan, and 63 percent to Taiwan. Sharp gains were recorded for shipments to the USSR, Mexico, and Canada. Brazil imported 78,000 tons of U.S. soybeans for crushing.

Exports of **oilcake** and **meal** rose 25 percent during the first 6 months of fiscal 1979. Exports to the European Community rose 9 percent in volume. Exports to Eastern Europe were up 79 percent because of sharply higher exports to the German Democratic Republic, Poland, and Czechoslovakia. Substantial gains were also recorded for exports to Canada, Spain, Venezuela, and Portugal.

Vegetable oil exports expanded 11 percent in volume during October-March —largely because of strong gains in shipments to Southern Asia, Iran, and Latin America. Exports declined to Egypt, China, the Netherlands, and West Germany.

October-March **cotton** exports totaled 2.8 million running bales. The export unit value averaged $327 a bale ($1,428 a ton), up from $301 a year earlier. U.S. exports are benefiting from expansion in the world textile economy and reduced production in several other cotton exporting countries.

U.S. cotton exports to Japan increased 24 percent to 684,000 running bales, and exports to China rose 18 percent. Exports to Egypt rose from 29,000 to 97,000 running bales.

Exports to Korea declined 9 percent to 540,000

U.S. Agricultural Exports: Value by Commodity, October-March 1975/76–1978/79

Commodity	1975/76	1976/77	1977/78	1978/79	1977/78–1978/79 Change
	Mil. Dol.	*Mil. Dol.*	*Mil. Dol.*	*Mil. Dol.*	*Percent*
Animals and products					
Dairy products	41	70	74	52	−30
Fats, oils, and greases	193	262	267	352	+32
Hides and skins, excl. furskins	307	285	274	443	+62
Meats and meat products	290	298	311	406	+30
Poultry and poultry products	104	140	169	184	+ 9
Other	105	260	262	387	+48
Total animals and products	1,040	1,315	1,357	1,824	+34
Grains and preparations					
Feedgrains and products	3,074	3,040	2,422	2,663	+10
Rice	284	312	352	452	+28
Wheat and major products	2,558	1,433	1,590	2,013	+27
Other	70	73	77	78	—
Total grains and preparations	5,986	4,858	4,441	5,206	+17
Oilseeds and products					
Vegetable oils	265	347	443	550	+24
Soybeans	1,771	2,495	2,412	3,377	+40
Protein meal	391	515	565	788	+39
Other	152	192	315	387	+23
Total oilseeds and products	2,579	3,549	3,735	5,102	+37
Other products and preparations					
Cotton, excluding linters	367	802	813	908	+12
Tobacco, unmanufactured	600	613	662	853	+29
Fruits and preparations	343	368	449	498	+11
Nuts and preparations	113	134	174	255	+46
Vegetables and preparations	291	383	303	393	+30
Feeds and fodders	170	306	267	323	+21
Other	310	362	435	514	+18
Total products and preparations	2,194	2,968	3,103	3,744	+21
Total	11,799	12,690	12,636	15,876	+26

U.S. Agricultural Exports: Volume by Commodity, 1975/76–1978/79

Commodity	1975/76	1976/77	1977/78	1978/79	1977/78–1978/79 Change
	1,000 mt	*1,000 mt*	*1,000 mt*	*1,000 mt*	*Percent*
Wheat and products	16,083	10,689	13,717	14,515	+ 6
Feedgrains and products	25,520	27,307	24,766	25,456	+ 3
Rice	845	1,042	962	1,176	+22
Soybeans	8,983	9,617	10,776	12,886	+20
Oilmeal	2,356	2,501	2,906	3,640	+25
Vegetable oils	453	609	743	808	+ 9
Cotton, excluding linters	312	515	618	636	+ 3
Tobacco	176	168	161	188	+17
Total	54,728	52,448	54,649	59,305	+ 9

bales. Exports to Hong Kong, Taiwan, and Western Europe declined significantly.

U.S. **tobacco** exports rebounded strongly from the reduced volume of a year earlier, when the dock strike affected shipments. Exports to the United Kingdom were up 58 percent, but shipments to Japan declined 10 percent. Exports to the developing countries increased 26 percent.

Higher prices caused a sharp increase in the value of U.S. **animal product** exports during the first half of fiscal 1979.

Meat and meat product exports declined 2 percent in volume, as the 18 percent increase in beef and veal shipments was offset by reductions for pork and variety meats.

The export unit value for fresh and frozen beef and veal rose 33 percent to $3.98 per kilogram. The pork unit value averaged 30 percent above the year-earlier level.

Meat exports to Western Europe and Canada dropped sharply, but exports to Japan rose 37 percent to 45,623 tons.

Exports of whole **cattle hides** increased 7 percent in volume and 62 percent in value. Export volume to Korea was up 9 percent and also increased to Romania, Italy, and Canada.

Exports of **animal fats** increased 5 percent in volume. The increase was largely a result of sharply expanded shipments to Korea, the USSR, Spain, India, and Taiwan. Shipments declined to most other markets.

Higher prices boosted the value of U.S. fresh and processed **fruit** exports. Fresh fruit exports increased 3 percent in volume. Total fruit exports to Japan jumped 56 percent in value.

U.S. **vegetable** exports rebounded from the reduced level of a year earlier because of expanded volume and higher prices. □

Canada Ends Fruit Tariff Preferences

Canada's decision to terminate on October 1, 1979, its preferential import duties on fresh and processed fruits and vegetables from Australia, New Zealand, and South Africa is expected to improve the competitive position of U.S. exporters of these products, according to the U.S. Agricultural Attaché in Ottawa.

As a concession to Australia, the higher tariff rates on Australian imports will be phased in over a 3-year period, after which products will enter Canada under the most-favored-nation (MFN) rate, which on October 1 will be 15 percent on canned pears, 13 percent on canned peaches, and 10 percent on canned mixtures.

As a result of the change, Australian canned peaches, pears, and fruit cocktail on and after October 1, 1982, will no longer have a rate advantage over U.S. exports of similar products to Canada. Affected items from New Zealand and South Africa will face the full MFN rate on October 1, 1979, as no phase-in concessions were extended to these countries.

While the United States has maintained the major share of Canadian imports of canned peaches and fruit cocktail (in 1978, 75.4 and 80.6 percent, respectively), Australia has been the major supplier of Canada's imports of canned pears (87.4 percent in 1978). □

Paris, London Shows To Feature Health Foods

Sales success experienced by U.S. firms participating in last year's Zurich and Stockholm food shows geared to the health food trade in Europe has prompted FAS to schedule similar shows in Paris and London in the fall.

Invitations to participate in the 1979 shows—scheduled for the French capital October 17 and 18, and the British capital the 24th and 25th—have been sent to U.S. producers and exporters of food items of potential interest to the European health food trade. (See illustration.)

The number of company participants is expected to come to about 24, the same number that took part in last year's events.

Sales this year should match or exceed last year's 12-month projection of $1.5 million.

Many of last year's participants will again display their products in the 1979 shows. Sidney Alpers of Sid Alpers Sales Company, Oradell, N.J. was one such exhibitor, who said:

"We found the shows extremely productive and sales in Europe went from zero dollars per month to in excess of $60,000. We expect to participate in the forthcoming shows as we believe participation is the best method to increase our distribution in the European market."

And Paulette Kellner of Meta Marketing, Inc., New York City, said: "We felt the shows were extremely valuable in terms of contacting new markets. We have a unique product and were enthusiastic to find the strong interest and potential in the European market. We are now in the process of negotiating with several European com-

panies (which sent representatives to the 1978 show). The forthcoming shows will be a plus to us for reintroducing our product and establishing a larger European market."

The consumer move toward health foods is particularly strong in Europe. Already France and the United Kingdom are importing sizable volumes of some health foods. And last year's experience in Switzerland and Sweden indicates there is a strong market for U.S. specialized foods in France and the United Kingdom.

U.K. trade press reports indicate that 6 million people in the United Kingdom now are health food devotees and major food groups are geared to invade the market.

Sales of health food rose from £25.6 million in 1973 to £47.4 million in 1977. Health foods are available through supermarkets, delicatessens, and health food shops located throughout the United Kingdom. Several major food chains are establishing health food sections in their stores.

In France, 130 companies produce health foods, with 70 specializing in this type of product. Overall sales amount to about US$100 million a year. Currently most imports are from West Germany, Belgium, and Switzerland, and account for about $4.5 million of the total.

Some 1,500-2,000 French retailers specialize in dietetic and health foods. In addition, most supermarkets and hypermarkets handle such products.

Among the new-to-market U.S. products introduced last year to Swiss and Swedish importers, wholesalers, retailers, dieticians, and caterers were certain types of natural breakfast cereals and pancake mixes. Also shown were yucca products, various kinds of edible seeds, toasted soybeans for snacking, natural vitamin preparations, low calorie vegetable oils, and so-called "dinners-in-a-box"—package units built around various grains.

Also introduced were a variety of health snacks containing raisins and other dried fruits mixed with pumpkin seeds and nuts.

Identical or similar products are to be featured in the Paris and London events.

Many U.S. food items now on the market may seem to parallel some already being offered for sale in Europe, but the quality of the basic ingredients of the U.S. products—California raisins, prunes, and dried apples, apricots, and peaches, for example—is so outstanding that the finished product easily outshines similar ones from other health food exporting countries.

One advantage U.S. exporters have is that the number of European countries exporting food items in the health food line is relatively small. For example, research in Sweden shows that although some 70-80 percent of its health foods are imported, there are just two important suppliers—West Germany, with 75 percent of the market, and Switzerland, supplying most of the rest.

But there also are a number of problems, most of which can easily be overcome by thinking "export."

English is spoken by large segments of the population in most European countries, especially by those in the export trade. But in most cases import regulations require that labels be printed in the language of the country involved. Contents must be listed in a certain manner, and weights and measures must be given in metric standards. The use of additives in an export product also can prevent its entry into some targeted countries.

Since it is less expensive to ascertain whether product contents meet the targeted country's standards rather than have a shipment condemned upon arrival overseas, FAS recommends that prospective sellers of any health food new to the export market obtain label clearance prior to shipping.

(A participant in the health shows gets free label clearance in France and the United Kingdom. Products also are taste-tested during the shows. And appointments can be made throughout Europe with potential buyers of health foods following the shows' closing.)

For other countries, FAS will—for a fee of $5 per label for each country of interest—obtain through the proper U.S. Agricultural Attachés a ruling by the appropriate foreign government agency whether the proposed product meets the country's health and packaging requirements. If required, ingredient changes will be recommended to meet these objections.

Other services such as taste-testing and test-marketing can be arranged in these markets.

Exporters of food items included in the U.S. health food lines (or any other prepared food products) can get information about the various testing programs of FAS, or a participant packet for the Paris and London health food shows, by writing to the Director, Export Trade Services Division, Foreign Agricultural Service, USDA, Washington, D.C. 20250, or telephone (202) 447-6343.—*By Marcellus P. Murphy, staff writer,* Foreign Agriculture. □

Canada Boosts Imports of Raw Cotton

Canada is expanding its imports of raw cotton, according to the U.S. Agricultural Attaché in Ottawa.

Canada's cotton imports—about 80 percent from the United States—may reach 300,000 480-lb bales (65,300 metric tons) for 1978/79, the highest level since 1973/74. Imports for 1977/78 at 248,000 bales (54,000 tons) were 15 percent higher than in 1976/77.

A combination of several factors may be responsible for the rising level of these imports. Among these factors:

- Canada has signed textile export restraint agreements with Hong Kong, the Philippines, Poland, Romania, the Taiwan Textile Federation, South Korea, and China, in which these suppliers agree to limit their exports of textiles to Canada.
- The weakness of the Canadian dollar has slowed imports and stimulated exports of textile products.
- Quebec has ended its sales tax, contributing slightly if not significantly to retail sales of cotton products.
- Inventories held by garment manufacturers, wholesalers, and retailers were relatively low when consumer demand—particularly for denim and corduroy—began to increase in the second half of 1977/78. This demand is still strong.

The Canadian textile market has been increasing by 4-5 percent annually. □

Brazil: Drought Cuts Output 2 Years Running

By G. Stanley Brown

From top: Coffee seedlings in northern Paraná; sugarcane enroute to Brazilian sugar mill; cotton bales awaiting shipment from Santos, Brazil, to Montevideo, Uruguay.

Brazil—the world's largest producer and exporter of coffee and second largest of soybeans—experienced its first decline in farm production for many years in 1978. The drought-induced drop-off caused Brazil's exports of soybeans and products to fall short of past levels and changed the country from a corn and rice exporter to a net importer. Most of the corn imported to make up for the production drop came from the United States.

Output will not rebound as hoped in 1979, again because of drought in the decisive commercial agricultural states of the south, as well as floods of once-in-a-century magnitude in the southeast. As in 1978, soybeans and corn will be hardest hit.

Exports of soybeans and products again will be disappointing; imports of corn, rice, and beans will be required to cover the shortfall in production.

Total agricultural output fell almost 2 percent in 1978, compared with real growth in the farm sector in 1977 of 9.6 percent. Overall, the economy grew 6.3 percent. The contribution of agriculture was reduced by the drop in total crop production, offset somewhat by a rise in livestock outturn. In contrast, industry rose 8.6 percent and the service sector 6.1 percent.

The January-May 1978 drought affected output of virtually all major field crops. Corn was down 26 percent, soybeans 19 percent, and cotton 17 percent. Major exceptions to the crop losses were wheat and citrus production, which rose 30 and 25 percent, respectively.

Beef output dropped 6 percent. African swine fever sharply cut pork output early in the year, but the disease has been eradicated in all but one or two isolated areas.

The disease resulted in a sharp increase in breeding herd slaughter, which raised meat production in 1978 and will result in a drop in slaughter in 1979 as the breeding herd is rebuilt.

Brazil's exports in 1978 totaled US$12.7 billion, up 4 percent from 1977's. Agricultural exports accounted for about US$6.5 billion of the total—about 15 percent less than in the previous year. The largest decreases in export value were for soybeans and products, corn, and coffee. (About 60 percent of Brazil's agricultural export revenue comes from coffee and soybeans). The value of wheat imports was higher than in the previous year by $250 million, spurred by a short 1977 crop, and growing consumption.

Brazil's earnings from its top 10 farm exports in 1978, in millions of U.S. dollars, (with 1977 data in parentheses) were: Coffee, including soluble, 2,288 (2,625); soybeans and products, 1,509 (2,143); cocoa and cocoa butter, 537 (532); sugar, 350 (463); tobacco, 238 (186); beef, 114 (159); frozen concentrated orange juice, 333 (177); corn, 2 (136); hides and skins, 99 (93); and castor oil, 110 (87).

Firm data on Brazil's agricultural imports for 1978 are not yet available. Normally Brazil imports about $800-$900 million worth of agricultural commodities. Imports of wheat, which usually account for 35-45 percent of Brazil's agricultural imports, were valued at an estimated $525 million

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f.o.b. last year, up sharply from 1977 imports of $260 million. More than two-thirds was of U.S. origin.

Another sizable increase was recorded for corn, with Brazilian imports of nearly $125 million.

Imports of other commodities except rice and beef remained close to 1977 levels owing to the continuation of various import restrictions.

Brazil's 1978 wheat harvest was 2.6 million metric tons, up from 2.0 million in 1977. Although sown area was slightly lower in 1978 than in the previous year, record yields in some regions helped to make up for the area loss.

Brazil's wheat imports in 1978 totaled about 4.2 million tons, up from 2.6 million in 1977. In addition to the United States, Canada was the only other major supplier last year.

The Government's policy is to reduce imports by pushing wheat production through a high guaranteed producer price. Consumer assistance is given in the form of subsidized bread prices.

The corn crop (harvested April-June) was a low 14.0 million tons, about 2 million below annual consumption needs. The drought, smaller area owing to unfavorable prices, and lower use of inputs, plus the country's traditional low corn yields, all worked together to bring about the small outturn.

The corn shortfall caused a substantial reversal in Brazil's trading pattern. After several years as an exporter of an annual average of 1.2 million tons of corn, Brazil imported an estimated 1.1 million tons in 1978.

Brazil's rice production also suffered a modest cut because of the 1978 drought. Output was 7.5 million tons (paddy), compared with 8 million in 1977. Since almost 70 percent of the crop is grown on unirrigated land, a prolonged dry spell in any year can adversely affect output. In some rice-producing states, the 1978 loss to dry weather was estimated at 70 percent.

Imports of 115,000 tons of rice were authorized in late 1978 and early 1979, reportedly from Uruguay, Costa Rica, Australia, and Bolivia.

Soybean area was up 8 percent in 1978 from the 1977 level, but production was around 10 million tons, down from 12.2 million tons in 1977. This drop in production—the first since 1968—also was laid to the drought. As a result, Brazil cut its calendar 1978 soybean exports to 658,000 tons—down from over 2.6 million tons a year earlier. Soybean meal exports, at 5.3 million tons, and soybean oil exports, at about 526,000 tons, were slightly higher.

Brazil's peanut production in calendar 1978 was about 340,000 tons, inshell, up 6 percent from the 1977 total. Production of peanut oil totaled 65,000 tons, of which over 90 percent was exported. Meal production was about 89,000 tons, with exports reaching 53,000 tons.

Brazil's 1978 cotton crop is estimated at 480,000 tons, down from some 576,000 tons in 1977. The planted area in southern Brazil increased from 775,000 hectares to 800,000 hectares between 1977 and 1978, but yields fell. The area of perennial cotton in the northeast varies little year to year.

Cottonseed production in calendar 1978 is now estimated at 853,000 tons, down from 1.02 million tons produced in 1977. Cottonseed oil exports totaled only 10,000-15,000 tons. Exports of cottonseed are prohibited.

Brazil's orange production in the 1978 season is estimated at a record 7.5 million tons. It is estimated that Brazil's nine frozen concentrated orange juice (FCOJ) plants in São Paulo processed 4.0-4.4 million tons of oranges into around 345,000 tons of 65° brix juice concentrate, 100,000 tons more than in the previous season. FCOJ exports in 1978 reached 336,000 tons.

Coffee output recovered last year from the killing frost of 1975 to 20 million bags (60 kg each), but stocks stand at only 9 million bags. This is a far cry from the 1965 crop of 38 million bags and total stocks of 71 million.

Brazil is the world's second largest cocoa producer, yielding only to the Ivory Coast. Brazil's current cocoa production potential is estimated at about 275,000-285,000 tons of dried beans. During the 1976/77 and 1977/78 marketing years (October-September), Brazil's cocoa crops totaled 234,000 and 283,000 tons, respectively.

The country's cocoa-processing capacity is about 150,000 tons a year, but is projected to increase to 180,000 tons by 1982.

As a major sugar producer and exporter, Brazil reflects activities on the world market. During the 1978/79 marketing year, Brazil slashed its production because of low export prices. Sugar output was 7.2 million tons, down from 8.4 million in 1977/78.

Brazil has the capacity to produce 8.5-9.0 million tons of sugar a year, but this capacity is expected to rise to 10 million tons by 1980.

Brazil also has the land potential to meet the need for larger volumes of sugarcane. And, since a considerable quantity of Brazil's sugarcane output is channeled into alcohol production, mostly for use as gasohol in automobiles, Brazil has a strong incentive to increase cane production.

Brazil's cattle slaughter during 1978 is estimated at 11.5 million head, 6.5 percent below 1977 levels. The decline is attributed to the heavy killing of females during the preceding 2 years. The low level of slaughter is expected to continue during 1979 and 1980, as cattlemen rebuild their herds.

Beef and veal production in 1978 is estimated at 2.2 million tons; pork output, 850,000 tons. Pork slaughter in 1978 is estimated at 17.0 million head, 2.0 million head higher than in the previous year.

Commercial chicken meat production in 1978 totaled about 790,000 tons, ready-to-cook basis, 14 percent greater than in the previous year. Of this, 725,000 tons were broiler meat.

Commercial egg production last year totaled some 6.6 billion eggs, 5.5 percent more than in 1977. Controls, which kept egg prices low between 1972 and 1976, were relaxed in 1977, bringing about the rise in output.

The level of Brazil's farm production in 1979 depends heavily on weather during the remainder of the year, but early season drought hit some crops hard. Soybean and corn production will be only a little better than the poor crops of 1978, but wheat outturn could rise if producers demonstrate their satisfaction with 1978 earnings by increasing their wheat area.

Dry weather in January and early February hit the commercial regions of

Continued on page 35

Rate of Acceleration In World Food Prices Slows Somewhat

The rapid acceleration of food price indexes (FPI's) has slowed somewhat in the majority of the countries surveyed by FAS.

In contrast to January, when substantial index increases were registered in all countries, figures in March—although still trending upward—indicate the pace of the acceleration in the 18 nations surveyed has decreased in 13, including the United States.

The Argentine FPI—at 98,685.9 (1970=100)—is disproportionately larger than any other index in the survey. Although the Argentine FPI rose 6.7 percent above the February level, making it the largest percentage increase in the survey, it was the smallest jump in over a year for Argentina, a country plagued by a high level of inflation.

The U.S. index jumped 1.1 percent in March to 199.9, compared with a 2.1 percent rise in January.

Belgium's index for March —at 175.2—is lower than the January level. West Germany continues to have the lowest FPI (146.9), followed closely by Switzerland (150.4)—a new country included in the survey. Spain, which is also new in the survey, has an FPI of 313.6, the fifth highest among the countries surveyed.

By Jane K. Phillips, economist; Dairy, Livestock, and Poultry Division; Commodity Programs; FAS.

U.S. Agricultural Counselors and Attachés report monthly FPI's for selected countries on a bimonthly basis, as well as report prevailing prices for selected food items in the capitals of the countries to which they are assigned.

Meat. Prices for meat tended to fluctuate in all capitals surveyed on May 1, with no overall trend emerging. In Washington, the price of sirloin was up 9.4 percent, reflecting a lower number of cows available for slaughter as producers held back heifers to rebuild declining herds.

Pork prices in Washington were also up because of increased demand.

Red meat prices in Ottawa were down from the high March levels, reflecting a slight easing of the slaughter cattle market price and a lower markup in regional chain store prices.

Pork prices in Ottawa were lower owing to hog slaughter increases that are beginning to depress hog market prices. Broiler prices, however, are firming up largely in response to strong demand in the wake of high beef prices.

The prices of sirloin and pork loin in The Hague were down 19 percent and 16 percent, respectively, because of a special sale the week of the survey. However, the prices of other pork and beef items remained unchanged. In contrast to broiler prices, which were down because of lower exports, egg prices were up because of high volume export contracts.

In Brussels, the price of pork loin roast declined 3 percent to the lowest level since January 1977, while the price of broilers was pushed up 3 percent by exports.

Egg prices in Brussels were at their lowest level since July 1975, largely owing to the post-Easter sea-

Food Price Index Changes in

Country	Latest month	Index 1970=100
Argentina	March	98,685.9
Australia	March	233.1
Belgium	March	175.2
Brazil	March	1,103.4
Canada	March	233.9
Denmark	March	236.8
France	March	226.7
Germany	March	146.9
Italy	Feb.	293.0
Japan	March	218.1
Mexico	March	352.2
Netherlands	March	165.7
South Africa	March	253.8
Spain	Jan.	313.6
Sweden	March	219.8
Switzerland	March	150.4
United Kingdom	March	340.3
United States	March	199.9

[1]Based on official prices indexes. Note: Two additio been added to the survey.

FAS Survey of Retail Food Prices in Selected Worl

[U.S. dollars per kg[1] or units as indicated, converted at current ex

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Roast, pork, boneless	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Margarine	Cheese, Cheddar	Milk, whole, liter	Oil, cooking, liter
Bern	17.72	9.30	8.43	13.08	6.39	3.25	2.03	7.85	3.02	(2)	0.76	2.15
Bonn	11.55	6.79	5.12	6.21	10.47	2.76	1.67	4.67	2.04	5.24	.52	1.05
Brasilia	2.69	2.35	4.15	5.07	7.19	1.62	.84	2.58	1.14	(2)	.26	1.02
Brussels	12.23	6.47	5.00	5.14	5.07	3.15	1.16	4.97	2.09	6.86	.60	2.02
Buenos Aires	[3]3.21	2.60	3.21	5.26	5.40	2.21	1.33	5.26	3.85	9.13	.68	3.10
Canberra	7.15	4.32	5.09	4.61	6.83	2.00	1.08	2.15	2.03	3.03	.45	1.82
Copenhagen	16.96	7.26	8.66	7.43	8.54	3.10	1.54	4.07	2.13	6.52	.58	3.26
London	10.89	5.08	4.81	3.68	6.17	1.86	1.34	3.27	1.86	3.90	.49	1.72
Madrid	9.27	6.47	4.66	6.99	5.51	2.05	.97	6.96	3.03	(2)	.47	1.41
Mexico City	3.94	3.76	3.30	4.04	3.80	1.97	.67	3.60	1.88	7.44	.28	1.05
Ottawa	[3]6.21	4.07	4.28	3.62	3.65	2.32	.88	2.82	2.45	4.50	.54	1.68
Paris	9.23	8.51	5.24	6.02	9.72	5.13	1.60	4.46	1.89	5.58	.52	1.93
Pretoria	4.17	2.90	3.56	3.85	3.94	1.38	.74	2.16	1.70	2.40	.41	1.45
Rome	10.06	8.87	5.32	5.56	5.48	2.71	1.25	4.42	1.72	(2)	.54	1.05
Stockholm	13.59	8.56	6.81	11.98	6.77	4.06	1.88	3.40	2.60	6.25	.47	5.28
The Hague	9.61	6.79	4.84	7.03	9.66	2.16	1.28	1.09	1.53	(2)	.50	1.29
Tokyo	30.85	20.33	9.62	8.53	7.94	3.46	.95	5.98	2.62	4.94	.94	1.92
Wash., D.C.	7.69	4.83	5.42	(2)	3.66	1.46	.91	3.95	1.92	5.27	.62	2.01
Median	9.84	6.48	5.11	5.79	6.47	2.52	1.26	4.25	2.03	5.09	.52	1.87

[1]1 kilogram=2.2046 pounds; 1 liter=1.0567 quarts. [2]Not available. [3]Bone-in. [4]Imported. Domestic not available. Source: U.S. Agricu been added to the survey. Ground roast coffee has been added to the shopping basket; canned ham has been deleted. Orange prices a

son and continued overproduction in the European Community.

Coffee. Ground roast coffee is new in the food survey and, along with red meat, ranks as a popular, expensive item in the consumer's market basket.

Not surprisingly, coffee prices are at their lowest in Brasília, followed closely by Mexico City.

The highest price for a kilogram of coffee in the capitals surveyed by the At-

Continued on page 31

es in Selected Countries[1]

100	Percent change from Prev. month	Three months	One year
5.9	+6.7	+32.9	+180.9
3.1	+ .04	+ 2.7	+ 12.2
5.2	− .1	+ .7	− .4
3.4	+5.2	+14.1	+ 50.2
3.9	+2.5	+ 7.1	+ 17.4
6.8	0	+ 2.9	+ 9.1
6.7	+ .8	+ 2.2	+ 8.3
6.9	+ .6	+ 2.0	+ .9
3.0	+1.7	+ 2.8	+ 13.2
8.1	+1.2	+ 1.7	+ 1.3
2.2	+ .8	+ 6.6	+ 19.3
5.7	+ .8	+ 2.4	+ 2.2
3.8	+ .8	+ 2.8	+ 14.3
3.6	+1.0	+ 1.2	+ 13.7
9.8	+ .6	+ 2.3	+ 4.0
0.4	+1.2	+ 2.5	+ 3.9
0.3	+ .7	+ 4.6	+ 10.9
9.9	+1.1	+ 5.3	+ 12.8

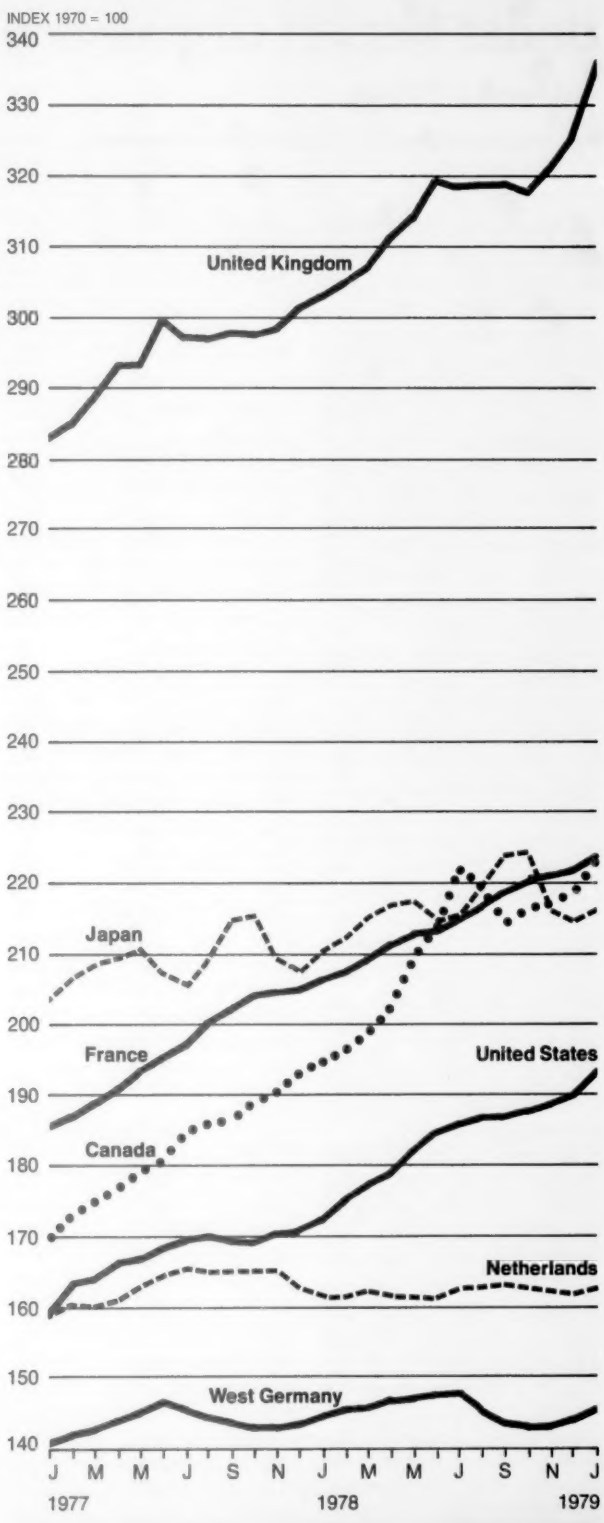
additional countries—Switzerland and Spain—have

Data Qualifications. Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currrency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Attachés on the first Wednesday of every other month. Local currency prices are converted to U.S. prices on the basis of exchange rates on the date of compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries. □

Trends in Food Price Indexes in Selected Countries



orld Capitals, May 1, 1979

ent exchange rates]

Oil, oking, liter	Tomatoes	Onions, yellow	Potatoes	Apples	Oranges	Bread, white, pkgd.	Rice	Sugar	Coffee, ground, roasted
2.15	2.67	0.58	0.53	1.10	0.87	1.86	1.16	0.61	7.44
.05	2.12	.57	.36	1.30	1.12	.87	1.66	.78	9.98
.02	.84	.88	.43	1.43	.32	.53	.48	.38	3.48
2.02	3.11	.53	.23	1.09	1.13	1.07	1.16	1.07	7.79
.10	1.74	.59	.54	1.38	1.22	1.08	1.52	.92	8.27
82	.95	.57	(2)	.73	1.21	.96	.91	.42	17.62
.26	3.12	1.10	1.14	1.71	1.09	1.80	1.68	1.75	9.79
.72	2.68	.59	.39	.82	.77	.77	1.04	.59	8.72
.41	1.14	.70	.62	.82	.84	.88	1.08	.65	8.37
.05	.62	.21	.38	.77	.23	.57	.56	.26	3.63
.68	1.52	.38	.25	1.33	1.07	.60	1.64	.46	6.81
.93	2.63	.57	.32	1.26	1.10	2.34	1.03	.73	7.05
.45	.86	.51	.52	.67	.32	.33	1.00	.48	9.05
.05	1.54	.47	(2)	.95	1.06	1.95	1.24	.79	7.39
.28	5.12	1.40	.64	2.06	1.13	2.13	1.81	.95	6.70
.29	2.18	.38	.27	.44	.96	.85	.82	.84	5.10
.92	2.05	.93	.95	1.76	4 3.83	1.25	1.40	1.06	13.13
2.01	2.03	.66	.22	1.30	.93	1.30	.95	.71	6.59
.87	2.08	.58	.41	1.28	1.08	1.08	1.16	.68	7.62

Agricultural Attachés. Note: Starting this month, two new cities—Bern and Madrid—have ices are per kilogram, rather than per dozen.

Argentine Farm Economy Strengthens Under Market Orientation

By Charles J. O'Mara

Argentina's agricultural production and exports in 1978 advanced again over year-earlier levels under the Government's continuing policy for the farm economy of less central control and more market orientation.

Under the economic and trade policies implemented by the Argentine Government in 1976 and 1977, the country has regained its former role as a major producer and exporter of farm products, ranking among the world's leading suppliers of grain and beef and as an increasingly important factor in international trade in oilseeds and products.

Agriculture accounted for nearly 15 percent of Argentina's gross domestic product (GDP) in 1978, compared with 12.9 percent in 1977, and for about 77 percent of the country's foreign-exchange earnings during the year, slightly less than in 1977. Both contributions are expected to increase during 1979.

In early March, the Government announced a six-point program of farm production incentives designed to offset relatively low grain prices and the impact of the current exchange rate policy that discourage exports:

- The 10 percent export tax on sunflowerseed, flaxseed, and peanut exports will be eliminated for the 1979/80 marketing year.
- Steps will be taken to increase the f.o.b. value of Argentine grain relative to U.S. f.o.b. values.
- Import duties on agricultural machinery will be reduced.
- Herbicide and pesticide imports will be liberalized.
- The wheat minimum support price for the 1979/80 crop will be adjusted monthly by the wholesale price index.
- Efforts will be made to help Argentine beef producers take advantage of current high beef prices and relatively low feedgrain prices, which could encourage use of feed lots.

Although grain production in the 1977/78 crop year of 23.6 million metric tons was nearly 5 million tons below the previous year's outturn because of a sharp decline in wheat plantings, sorghum production was a record high 6.9 million tons. Corn, at 9.5 million tons, had the third highest outturn on record.

Planted grain area in 1978/79 is estimated to be about equal to 1977/78's, while production is expected to increase to almost 25 million tons.

Oilseed production reached a record high 5.6 million tons or 41 percent above the previous outturn.

Soybean expansion was the most dramatic (up by 1.3 million tons), but significant production increases also were registered by sunflowerseed (700,000 tons), and cottonseed (60,000).

Total oilseed production in 1979/80 is forecast at 5.6 million tons (excluding flaxseed), or 12 percent above the year-earlier level and 79 percent above the 1976/77 level.

Herd reduction in the beef sector probably peaked in the latter part of 1978. Cattle prices began to rise significantly in the third quarter and are expected to remain at relatively high levels in 1979.

Production was a near-record high of 3.2 million tons, and consumption reached a record 2.4 million tons. A decline in production to 2.9 million tons is forecast for 1979 as slaughter is expected to revert to a normal rate of 25 percent, compared with 27 percent in 1978. The 1979 ending cattle inventory is forecast to be about 57.5 million head, marginally lower than 1978's.

Argentina's expanded production of these commodities has resulted in exportable surpluses. Record export levels were reached last year in soybeans, sunflowerseed, sorghum, cotton, flaxseed, peanuts, apples, pears, citrus, and tallow, among others, and near-records for corn, beef, and wool exports.

With continuation of present economic policies, given Argentina's relatively low population growth rate and good natural production conditions, exportable surpluses should continue to expand—if world market prices are favorable.

However, export expansion in the near term will be limited to some extent by inefficient and overloaded port facilities, inadequate storage and infrastructure, and producer access to affordable financing.

Argentina's National Grain Board is studying the possibility of establishing a commodity price support loan system similar to that in the United States. Most major commodities would be covered.

Combined with expanded storage capacity, such a system would offer producers the alternative of basing selling decisions more on price than on capital requirements. The system consequently would permit Argentina to expand production and become a year-round exporter.

The situation and outlook for major commodities:

Wheat: Production in 1978/79 is estimated at 7.5 million tons, 42 percent above the 1977/78 level because of larger area and improved yields. Exports in calendar 1978 were estimated at 1.6 million tons, one-third of the 1977 volume because of reduced supplies from 1977/78.

Exports in calendar 1979 are forecast at 3.2 million tons because of the larger 1978/79 crop. Primary markets are likely to be China and Brazil. Sales to the USSR are expected to be small, and the large exportable surplus in the Euro-

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pean Community is expected to diminish sales to Mediterranean and North African markets.

Corn: Production in 1978 was estimated at about 9.5 million tons, 14 percent above the previous season's total, primarily because of exceptional yields.

Heavy rains delayed plantings for the 1978/79 year, and an expansion in marginal areas resulted in a slight increase over the previous season's level. Production in 1979 is forecast at 9.2 million tons.

Corn for feed from the 1979 crop is expected to rise slightly to 3 million tons as mixed feed consumption by the poultry industry is forecast to increase. Demand for poultry meat is expected to rise.

Corn exports in calendar 1978 jumped to 6 million tons, the highest since 1971 and about 9 percent above the 1977 level. Exports in calendar 1979 are forecast to be close to the 1978 level.

Sorghum: Production of sorghum in 1978 was about 6.9 million tons, a record and early 5 percent above the previous season's level because of record yields. The 1979 outturn is forecast to be 4 percent smaller because of possible reductions in yields.

Exports in calendar 1978 were a record 4.5 million tons, about 7 percent above the previous year's volume. Exports in 1979 are forecast to decline slightly.

Soybeans: A record crop of 2.7 million tons was produced in 1978—nearly double the previous season's outturn. Expanded area and improved yields accounted for the larger total. Favorable prices and high yields are the major reasons for Argentina's enthusiasm for soybeans.

Exports in calendar 1978 were a record 1.98 million tons—more than three times the previous year's volume. The Netherlands was the largest market, accounting for nearly 40 percent of Argentine exports. Exports in 1979 are forecast at about 2.5 million tons. Because of the continued emphasis on seed exports, expansion in meal and oil exports is expected to remain relatively small.

Soybean oil consumption in 1979 is expected to increase about 13 percent above the 40,000 tons consumed in 1978. Meal consumption is expected to increase 11 percent to 200,000 tons because of greater use in mixed feed production for the poultry industry.

Sunflowerseed: Favorable prices resulted in record planted area for 1978/79 of 2.2 million hectares, nearly 800,000 hectares more than in 1976/77, and production was a record 1.6 million tons. Plantings for 1979 are forecast to decrease to 1.75 million hectares because of a shift to cotton and corn in Chaco caused by dry weather during the planting season. Production is forecast at 1.3 million tons.

Sunflowerseed exports in 1978 were 200,000 tons, and 1979 exports are expected to decline. Oil and meal exports are estimated to have reached record levels of 172,000 tons and 460,000 tons, respectively. Sunflowerseed oil accounts for about 70 percent of total edible vegetable oil consumption in Argentina.

Beef: Cattle slaughter in 1978 is estimated at a record 16.5 million head—nearly 12 percent above the 1977 level. Because of the near-record 1978 production level, beef exports reached an estimated 740,000 tons, one of the highest on record and 157,000 tons above the year-earlier level. Brazil's beef imports from Argentina were about 90,000 tons (carcass-weight equivalent), compared with only 3,000 tons in 1977.

Beef exports in 1979 are forecast to decrease to about 700,000 tons as a result of lower supplies. Because of higher prices, domestic consumption is forecast to decline to around 2.3 million tons.

Poultry: Continued slack demand for poultry meat during 1978 resulted in a 7 percent decline in broiler output to 156,000 tons. Low beef prices were the primary reason for the decline.

However, higher beef prices in 1979 are expected to increase demand for poultry meat and possibly reverse the downward trend of the past several years in broiler production. Other poultry meat is forecast to remain at 1978 levels.

Exports in 1979 are forecast to remain at a nominal level as prices are expected to remain above international levels.

Deciduous fruit: Production of apples in 1978 was 810,000 tons, or 1.2 percent below the 1977 volume. Exports in 1978 were an estimated 326,000 tons, 6.7 percent more than in 1977. Production in 1979 is forecast at a record 900,000 tons.

Pear outturn in 1978 was 150,000 tons, 6 percent less than in 1977. Exports were 75,500 tons—10 percent more than in the previous year. Exports in 1979 are forecast at 76,000 tons.

Production of peaches, apricots, cherries, plums, and table grapes totaled 472,300 tons in 1978—nearly 16 percent less than in 1977 because of unfavorable weather. The 1979 outturn is forecast at 506,500 tons. Exports were 7,513 tons in 1978, but are expected to be lower in 1979 because of increased competition.

Citrus fruit: Total citrus production for 1977/78 is estimated at 1.3 million tons, about 9 percent less than in 1976/77 because of unfavorable weather and citrus canker. Trade sources predict output for 1978/79 below normal levels because of more unfavorable weather. Exports in calendar 1978 were a record high of 77,665 tons—10 percent more than in 1977. Exports in 1979 are forecast at 70,000 tons.

Morocco Trims Some Food Imports Following Improved 1978 Harvests

By Frank J. Piason

Morocco's imports of key agricultural products in 1979 probably will fall short of last year's levels because good growing weather during most of 1978 resulted in expanded domestic production of grain, citrus, sugar, and tobacco. This generated larger supplies for consumption and stocks and reduced import needs for these items.

Because of its substantial balance-of-payments deficit (for 1978, $1.5 billion in an economy with an estimated gross national product of $11.4 billion) and a decline in shipments of its leading export commodity, phosphate, Morocco has adopted several austerity measures, including restrictions on imports of many manufactured items such as processed foods. Unprocessed agricultural commodities are least affected by the restrictions.

If the austerity measures succeed in correcting some of the country's economic dislocations, the Government will be able to address itself to such problems as investment priorities and agricultural production.

Because of its natural resources, Morocco is in a better position than many developing countries to increase its per capita income, now about $570 annually.

The author is U.S. Agricultural Attaché in Rabat.

Morocco's agricultural imports from all sources during the first 9 months of 1978 were $480 million, compared with $567 million for all of 1977.

Agriculture's share of imports, which has averaged about 23 percent of total imports over the past 3 years, declined somewhat in 1978.

Imports of wheat, tea, coffee, and cotton rose sharply during 1978, while imports of sugar, vegetable oils, and tobacco declined.

According to U.S. data, U.S. agricultural exports to Morocco during 1978 were about $126 million, compared with $69 million for 1977—an increase accounted for mainly by bread wheat.

Although Morocco probably will continue to be deficient in farm production during 1979—particularly in bread wheat, the largest agricultural import—wheat imports from the United States are expected to decline very sharply from their 1978 (January-September) level of about 758,000 tons because of the larger 1978 harvest and competition from subsidized European Community (EC) wheat.

Total cereals imports during 1979/80 are forecast at about 1.4 million tons, compared with 1.5 million tons in 1978/79. Wheat production for 1979/80 is forecast at about 1.9 million tons—about the same as the previous year's output.

Agriculture's share of total imports from the United States averaged more than a third of the total, but probably was closer to half in 1978 because of large wheat shipments. Other important agricultural imports from the United States were corn, cotton, tobacco, soybeans, tallow, and seeds.

Corn consumption seems certain to increase over the long term. A slow but steady growth is forecast for poultry production, and ultimately for livestock production, indicating expanded demand for soybeans as well as corn.

The U.S. share of vegetable oil imports in 1979 will depend on price and competition from Brazil and Spain.

In the first 11 months of 1978, the United States and Argentina each supplied about half of Morocco's total soybean imports. Soybean oil came from Spain (83 percent), France (6 percent), Brazil (5 percent), the Netherlands (3 percent), and Portugal (2 percent).

A 3,000-ton shipment of soybean oil arrived from the United States in January, a recovery for U.S. sales in 1979. However, in the long term, Spain's export policy will largely determine the U.S. share in the Moroccan vegetable oil market.

The United States will hold its lead as Morocco's top cotton supplier as long as it maintains competitive prices in upland cotton. Overall Moroccan cotton imports will expand as spinning and weaving capacity grows, which in turn will depend in part on world market conditions.

Moroccan cotton production has not exceeded 8,000 tons (lint) since 1972/73, and is not expected to expand because of low returns under the present price structure.

Imports of U.S. cotton, tallow, and tobacco have consistently held large market shares in Morocco, and should continue to do so in 1979.

Despite the inability of the domestic livestock industries to satisfy demand, 1979 red meat imports are to be held at the relatively minor 1978 levels. Imports of semen will continue to be favored over dairy cattle imports. About 30,000 sheep are expected to be imported for slaughter.

Morocco's exports of farm products in the first 9 months of 1978 were valued at about $350 million, compared with $412 million for all of 1977. Citrus exports—the leading farm export—were up considerably; canned vegetable and pulse exports rose by smaller margins.

Citrus production in 1978/79 is expected to reach 1977/78's high levels and possibly a new record. Clementines should account for most of the increase in fresh citrus exports.

Exports to the Soviet Union of 150,000-200,000 tons are assured under a bilateral barter agreement. Export competition is keen from Mediterranean suppliers and over the long term will intensify, especially after the expected enlargement of the EC to include Spain and Greece. □

U.S. Farm Exports to Nigeria Up in 1978

Nigerian agricultural production growth was minimal in 1978, and total farm product imports rose to a new high. Record wheat and rice imports also were recorded.

One of the beneficiaries of these increases was the United States. According to the U.S. Census Bureau, Nigeria's f.o.b. farm exports from this country to Nigeria were $88 million higher in 1978 than in 1977.

However, U.S. exports to Nigeria may be reduced in the future.

In calendar 1978, the U.S. Census Bureau reported U.S. farm product imports from Nigeria of $112.5 million—up from $65.4 million in 1977—while the United States exported farm products to the African country worth $300.4 million—up from $211.9 million.

Nigeria is trying to cut its foreign exchange outflow and in April 1978 banned imports of beef and fowl (much of the latter from the United States). As a result, retail prices of these products started to climb and consumers began to hoard, forcing the Government to lift the ban as a nonwage measure.

But, as of early 1979, no further import licenses had been granted for poultry or beef, so the market began to experience new shortages and prices again began to climb.

The most significant growth noted in U.S. grain exports to Nigeria was in shipments of rice. In 1977, rice exports to Nigeria totaled 147,000 metric tons, valued at about $85 million. In 1978, U.S. exports of milled rice rose to 156,420 tons, although value fell to $81 million.

Tallow, corn, leaf tobacco, dairy products, meat, and vegetable oils are the other major U.S. farm commodities shipped to Nigeria. U.S. trade data—which recently underwent category changes—show 1978 export gains for three of these products (in tons, with comparable 1977 data in parentheses): Tallow, 348,000 (33,100); corn, 19,754 (15,584); and leaf tobacco, 702 (254).

Major Nigerian farm products imported by the United States are coffee, cocoa and cocoa beans, spices, skins, rubber, and gums.

Grain output was one of agriculture's few bright spots in 1978, showing an overall increase of 5.5 percent, the result of snapbacks from reduced production levels in 1977 for rice, corn, millet, sorghum, and pulses. Root crops and tobacco showed increases of less than 1 percent, while those for oilseeds, bananas, and plantains were closer to 2 percent.

The commercial crop sector saw only a few bright spots. Cocoa output was down slightly, while production of palm oil, palm kernel oil, milk, and meat rose only about one half a percent. No commercial commodity showed a significant increase.

The 1978/79 cocoa crop is estimated at 155,000 tons, the lowest level since the 1958/59 outturn of 142,500 tons.

Cocoa production will probably continue to decrease despite rehabilitation programs financed by the Food and Agriculture Organization (FAO), the World Bank, and a number of Nigerian State Governments.

Nigeria's cattle herd is estimated at 8.5 million head, down from 11 million estimated by FAO in 1972. The reduction was mainly because of overslaughter of cows in 1972-75 when the Sahelian drought cut feed availabilities.

Although a number of long-range programs are underway to boost the size of Nigeria's cattle herd, none appears to have a chance of achieving much in the near term.

Nigeria's cotton production in 1977/78 was some 166,000 bales (480 lb net), less than half the 1976/77 record of 370,000 bales. The 1978/79 crop may be about 183,000 bales, up 10 percent over 1977/78's.

Planting of the 1978/79 cotton crop was delayed in most areas because many farmers gave priority to food crops. However, the rainy season lasted through the middle of November, permitting late-planted cotton crops to develop well.

The Government goal is for an annual production of 880,000 bales of lint cotton by 1985. New varieties were tested in the 1977/78 season and Samaru 77 seed is being multiplied. It is believed that in 3 years this variety will be available to farmers on a regular basis.

The 1977/78 coffee crop is estimated at 2,760 tons, somewhat smaller than the previous year's. The recently ended rainy season increased the incidence of disease and production suffered somewhat. Farmers had to make several applications of chemicals last season because of the rains.

The 1978/79-coffee-crop estimate is 60 tons short of the 1977/78 figures, but production is expected to trend generally upward as long as the Government continues to provide chemicals and producer prices remain high.

Nigerian rice production rose from 620,000 tons (paddy) in 1976/77 to 700,000 tons in 1977/78, and other grain crops showed sizable increases, because of good weather in the major producing areas plus better quality seed.

Production in 1978/79 is tentatively seen reaching bumper proportions, but it may be too much to expect two outstanding crops back to back.

Despite capital investment by the Federal Government, the World Bank, and the FAO, there was little growth in Nigeria's fats and oils sector in 1978.

Palm oil production is estimated at 515,000 tons in 1978, just 5,000 tons above the previous year's level, and palm kernel oil output was 8,000 tons higher, reaching 56,000 tons. Palm kernel production was 413,000 tons, some 50,000 tons above the 1977 level.

The size of the 1978 commercial peanut crop puzzles the experts. Production was expected to be larger than the estimated 50,000 tons now available on the market but even though farmers planted good-quality seeds and saw excellent plant development, the harvested crop produced minimal volumes of mature nuts. Yields were likely the lowest in years—*Based on report by W. Garth Thorburn, U.S. Agricultural Attaché, Lagos.* □

Taiwan's Baking Industry Opens 550 Units in 1978

The opening of more than 550 new bakeries in Taiwan in 1978 indicates the growing consumption of wheat flour products and gives some indication of the potential for U.S. wheat sales, according to Fred Schneiter, Taiwan's Marketing Director for Western Wheat Associates, USA (WWA).

"There are now some 4,400 bakeries in Taiwan, 15 percent more than in 1977. Growth has averaged 15 per cent a year for each of the past 4 years," Schneiter noted. "In Taipei alone, a city of 2 million, there are 1,800 bakeries, many of them having opened in recent years."

Many of the new Taiwan bakeries are large-scale units, a far cry from the mom-and-pop type of the past. The trend is toward structured operations, each having several specialized production departments, which together are able to cover the entire spectrum, making extremely delicious products in a more efficient manner, Schneiter indicated.

"One such bakery is being built just south of Taipei and will use at least 750 fifty-pound bags of wheat flour per day. At present, the largest bakeries in Taiwan use between 40 and 60 bags of flour daily."

To encourage the use of U.S. wheat flour in Taiwan and nearby Asian countries, WWA and the Taiwan Flour Mills Association operate a school that has trained hundreds of bakers, some from as far away as Singapore and Hong Kong.

Since 1967, 1,570 bakers from Taiwan alone have been trained. Because of their popularity, most of the classes are oversubscribed. Designed to handle 25 students most comfortably, many classes are stretched to 33 students by making maximum use of space and equipment. And there is usually a list of potential students waiting to enroll.

"The concept of using wheat flour instead of rice and rice flour is an imported idea," according to Schneiter, "and the habit of eating wheaten products got off to a slow start, mostly because of the hesitancy of consumers to eat unfamiliar foods. Now, partly through WWA activities, use of wheat flour products has picked up steam. And with the increase in interest in wheat products came an improvement in quality.

"You can now get French breads in Taiwan as flavorful as any found in Paris. And Western-style cakes and pastries here are as good as any to be bought anywhere," Schneiter commented.

WWA/Taiwan also promotes the sale of U.S. wheat through the various types of seminars it sponsors in many of the island's cities and towns. Some of these provide menu and baking ideas to consumers and baking and other technical information to professional bakers.

Another WWA activity is to bring baking experts to Taiwan from the United States each year to brief industry members on the latest baking, mixing, packaging, and storage procedures being used in the United States.

All of these activities have helped boost sales of U.S. wheat to the Taiwan baking industry. In 1968, for example, U.S. exports of wheat to Taiwan amounted to about 370,000 metric tons. A decade later they stand at 670,000 tons.

Western Wheat Associates, USA, is the overseas marketing element of Western Wheat Associates of Portland, Ore., one of the organizations cooperating with the Foreign Agricultural Service to find and expand overseas markets for U.S. farm products. WWA/Taiwan is one of six overseas WWA offices, the others being in Tokyo, Seoul, Manila, Singapore, and New Delhi. □

Western Wheat Association Taipei Market Development Director Fred Schneiter cuts the ribbon to open one of the more than 550 new bakeries established in Taiwan in 1978.

UAE Rice Imports Up Sharply

Rice imports in the seven United Arab Emirates (UAE) are expanding rapidly, and for calendar 1979 may total close to 250,000 metric tons.

Total rice imports by Dubai—which usually account for over 60 percent of all rice entering the UAE—in 1979 may reach 175,000 tons, with imports by the six other emirates accounting for another 75,000 tons. Dubai's rice imports were 115,000 tons in 1978, 76,600 tons in 1977, and 53,600 tons in 1976.

The striking increase in U.S. rice exports to the UAE in 1976 is likely to be followed by even larger gains in 1979. U.S. rice deliveries to Dubai rose from only 776 tons in 1977 to about 30,000 tons in 1978—a total that could double for 1979.

Dubai's imports from Pakistan rose from 43,800 tons in 1976 to 65,585 tons in 1977 and about 70,000 tons in 1978.

India sent 5,500 tons of rice to Dubai in 1978, compared with 8,110 tons in 1974. Imports of Thai rice declined from 9,770 tons in 1974 to 4,769 tons in 1976, but increased slightly in 1977.

Imports of Chinese rice declined from 5,935 tons in 1974 to 3,556 tons in 1977 and decreased further in 1978.

Pakistan, which exported 70,000 tons of rice to Dubai in 1978, in 1979 is expected to expand this market as well as its rice exports to Sharjah, Rás al Khaimah, and Fujarah.—John B. Parker, Jr., ESCS. □

Economic Development In Food Aid Stressed By World Food Program

By G. N. Vogel

The World Food Program (WFP), created in 1961 during an era of mounting farm surpluses in many countries and widespread hunger in much of the rest of the world, has since it commenced operations in 1963 become the largest multilateral dispenser of food aid, with annual shipments currently exceeding 1 million tons a year.

Emphasizing food's role as a development catalyst —rather than charity— WFP uses food as an extra source of capital to supplement much-needed resources for development.

In addition, WFP resources are used to help meet emergency food needs in the wake of natural and manmade disasters.

About 118 donor countries contribute to WFP's multilateral program. The United States remains the biggest donor of food, cash, and transport services, and in early years contributed about half of total WFP resources.

Other major donors are Canada and West European countries. In recent years, Saudi Arabia has emerged as the largest cash contributor and occupies fourth place for overall pledges. Many recipient countries are also donors, giving food or cash.

Although WFP began as a 3-year experiment, the original supporting countries did not have to wait the entire period to see how the trial would work. Even before the end of the experimental period, they voted to put WFP on "a continuing basis for as long as multilateral food aid is found feasible and desirable."

WFP's basic approach is simple. Rural areas have vast reservoirs of manpower, but farmers often are unemployed between harvest and planting. Cities, too, have unemployed workers. Countries have basic needs to be filled—building schools, roads, irrigation canals; clearing slums; and improving sanitation—but may be short of funds to pay for these projects.

When governments and the WFP agree to use food either as an incentive or to pay wages with food, the reservoirs of manpower can be put to productive work. In effect, food is used as capital to finance improvements that otherwise might be difficult to fund.

Now in its sixteenth year, the multilateral use of food as capital has helped construct roads, houses, schools; resettle large communities; build irrigation works and civic amenities; sustain livestock and increase their meat and milk yields; and reclaim land.

WFP also has aided crop diversification, helped to provide green cover for eroded hills and plains, fed nursing and expectant mothers, and helped produce more coal and steel.

Mr. Vogel is executive director of the World Food Program.

World Food Program—How It Evolved

In 1945, the newly founded Food and Agriculture Organization tackled the problem of how to use surplus food for human benefit without impeding the will to produce or trading arrangements between nations.

One of the earliest proposals was to set up a World Food Board to stabilize prices, establish reserves, and finance the disposal of surpluses.

In 1949, the International Commodity Clearing House was proposed, which—among other things—was to buy surplus food and organize its sale at special prices to needy countries.

Although neither proposal gained acceptance, the FAO Committee on Commodity Problems was established and the Committee drew up the now widely accepted principles of surplus food disposal.

Two more initiatives were taken in 1954 that gave a new dimension to food aid. One was the approval by the U.S. Congress of the Agricultural Trade Development and Assistance Act, commonly known as Public Law 480, under which the United States subsequently shipped millions of dollars worth of surplus agricultural commodities in bilateral aid to other countries.

The other initiative was by FAO, which commissioned Dr. Mordechai Ezekiel of its staff to study the use of agricultural surpluses to finance economic development in the developing countries. A pilot study made in India in cooperation with Indian authorities showed that food could be used as an additional source of capital to promote a variety of socio-economic projects without interfering with traditional buyer-seller arrangements.

In 1960, the UN General Assembly adopted a resolution that—among other things—invited FAO to study possible arrangements, including multilateral ones, for mobilizing and distributing available surplus food.

The resulting study was submitted to an FAO intergovernmental advisory committee in 1961. U.S. Senator George McGovern, then Director of the U.S. Food for Peace agency, made the proposal that laid the foundation for the World Food Program.

The United States offered to contribute $40 million worth of food and supplementary cash if a $100-million pilot program using food surpluses to promote economic development were started.

Parallel resolutions of the UN General Assembly and the FAO Conference in 1961 approved establishment of the WFP for 3 years as an experiment.

Food and shelter are provided people fleeing earthquakes, floods, and wars, or suffering from the effects of drought, although these measures are of secondary concern. The emphasis is on projects of economic and social development, which alone can bring lasting improvement.

Financing reforestation projects on eroded or low-fertility land, which might not return a penny for decades and is not an attractive proposition for most lending agencies, can be met in part through food aid.

WFP helps build children's bodies and minds by augmenting their diets with supplies of milk, cheese, and a variety of blended and fortified foods. Schools, hospitals, and community halls are likely to rate low priorities in countries where dams and industrial plants compete for scarce investment capital, yet food has proven that it can make its contribution to projects of relatively lower priority.

These and other unbankable but socially desirable projects have been the frustration of many planners. But food aid extended by WFP provides an opportunity to carry out many of these schemes. With no repayment of interest or capital, the preconditions for starting income-generating enterprises can be met.

These projects generally need little technical expertise but rather such tools as shovels, picks, and wheelbarrows. They reach large segments of rural populations, creating gainful employment.

Food capital is relatively easier to spare than cash for many donor countries. Most of them have the potential to produce ample—if not surplus—food supplies. With food capital, the donor country gains a balance-of-payments benefit and the need to discourage domestic food production is diminished. For a given outlay of national funds, the quantity of aid is much larger.

In the recipient countries, the risks of inflation are avoided, since food aid is used to mobilize seasonally or otherwise unemployed workers to perform basic tasks or work in special feeding programs.

WFP's development aid is directed to specific projects. For several years, about 70 percent of its activities have been concentrated in countries listed by the United Nations (UN) as least developed and those most seriously affected by balance-of-payments problems.

In these and other countries, the emphasis is on agriculture and nutrition. WFP believes that highly mechanized, capital-intensive, and large-scale farming is not necessarily in the best interests of developing countries. Instead, the focus is on improving the traditional labor-intensive methods followed by millions of farmers.

Food-for-work is the core of WFP efforts in the third world—helping people to help themselves, and helping them to eat better while they earn their food, learn trades, and raise their levels of living.

One of the most impressive examples of food-for-work is in Bangladesh. Since March 1975, WFP has committed $98 million in food aid to a vast project in which hundreds of thousands of men and women, working between monsoons, are reactivating waterways and irrigation canals that had silted over the years.

In Northern Pakistan, food-for-work projects include impressive reforestation in areas denuded of trees. Entire hillsides have been stabilized, erosion prevented, silting reduced, and the ecology of the region restored.

In India, there are supplementary feeding projects for children up to age 6 in many villages and in large cities such as Calcutta.

Among the many schemes in India, the WFP has supported the biggest dairy development project in the world by providing butter oil and milk powder to produce blended milk, which is the most acceptable source of protein in a vegetarian country.

With food aid worth $177 million, the project has helped increase the milk supply in four cities by 50 percent.

WFP keeps a careful watch on the projects it helps to implement. With $3,200 million committed in food aid to more than 700 projects in nearly 100 countries, its officials in recipient countries keep an eye on arrival and distribution of food-aid shipments and day-to-day implementation of the projects.

Every 3 months, progress reports are prepared for WFP headquarters, and at crucial stages interim evaluations are carried out and final evaluations are conducted at the completion of each project.

Experience gained is plowed back in approving and implementing new requests for food aid. The reports of teams, which include experts from UN technical agencies and others, focus on problems encountered and assess the results.

Food-aid projects are carried out as often as possible in conjunction with nonfood aid agencies such as the UN Development Program (UNDP), regional development banks, and specialized UN agencies such as the Food and Agriculture Organization (FAO), the World Health Organization (WHO), the UN Educational, Scientific, and Cultural Organization (UNESCO), and the International Labor Organization (ILO).

Each project is viewed in the context of the country's development plan objectives. Before food aid is approved, the UN agencies assess each project for technical soundness and economic viability.

Despite its growth, WFP handles only about 16 percent of total food aid moving in the World. Currently, it is committing about $300 million a year in food value and transportation charges. The recent world Food Conference in Mexico recommended that a greater part of food aid move through WFP.

The growing support of WFP by the biggest donors—which are also large givers of bilateral aid—and commercial exporters testifies to the utility of the multilateral operation.

Some donors find an elaborate structure for bilateral food aid expensive and uneconomic. Other donors prefer to channel almost all their aid through WFP. Similarly, some countries prefer to receive food aid under a multilateral banner to avoid or reduce political indebtedness.

Restraints on food aid—such as requiring that food aid should not displace commercial shipments by food exporting countries, and that aid should not depress food production in the recipient countries—have not retarded WFP's growth. Some examples:

- Thousands of farmers in the Egyptian plains are now producing two or three crops a year instead of one. A network of canals and tile drainage projects, supported by WFP, carries irrigation water from the Aswan Dam and has contributed

significantly to farm prosperity.

• In Botswana and Lesotho, almost every school child receives a wholesome lunch in school through WFP projects. School attendance is up, as a result, as is academic performance.

• In Colombia, one out of every 20 persons is covered by a national nutrition improvement program supported by WFP, and is receiving protein and vitamin-rich food through schools, mother-and-child centers, or other institutions.

A sample of 8,776 preschool children attending health centers showed that cases of third-degree or acute malnutrition were reduced nearly 50 percent and second-degree cases by 25 percent.

• In Nicaragua, El Salvador, and Costa Rica, farmers receiving WFP rations and investing their savings on family food budgets in good-quality seeds have increased their income considerably and added significantly to national food production.

• In Ivory Coast, WFP has assisted the Government since 1971 in resettlement of about 77,000 people, who are being displaced by an artificial lake behind the Kossou and Taboo dams on the Bandama River, in 60 new villages. Each of the new villages has a school, a medical and health center, an agricultural center, roads, and water wells. Fishing channels have been cleared, and more than 15,000 hectares have been planted to such crops as coffee, cocoa, cotton, rice, cassava, and vegetables.

In addition to project aid, a part of WFP resources are at the disposal of the FAO Director General to help meet emergency needs. The annual allotment for this purpose has risen from the initial level of $5 million a year to $45 million. At present, there are some 70 emergency projects.

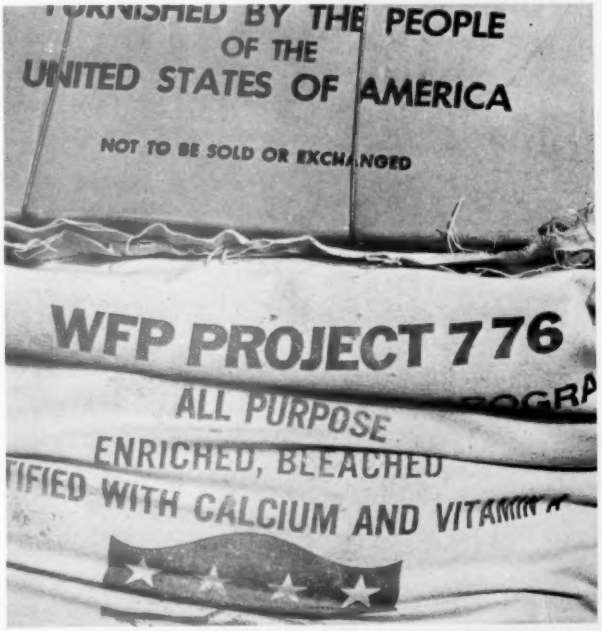
Probably the best-known emergency relief operation is in the Sahelian zone of West Africa, which has repeatedly suffered from severe drought. The total value of aid from WFP resources is $19.7 million, covering 71,200 tons of cereals, milk, and cooking oil, as well as a cash subsidy toward the cost of internal transport.

WFP plays an important role in alerting donor countries of the needs, coordinating and monitoring shipments from a dozen donors to eight affected countries, and assisting in the organization of internal transport.

After a short period of emergency operation, aid usually is either converted into or followed by food-for-work rehabilitation to reduce the dole element, which can be counterproductive over a period of time and hurt the dignity of the recipients.

The governments of the affected countries—not WFP—operate the emergency aid and the rehabilitation projects. Although WFP employs a staff of 95 professionals—mainly economists and project analysts and experts in shipping, packaging, and insurance at its headquarters and nearly 140 in the field—the expert personnel concerned with the operation of aid and projects are UN specialists, not WFP personnel.

From a beginning level of $80 million in food, cash, and services pledged for 1963-65, WFP resources rose to $726 million for the 1977/78 biennium, or 97 percent of the $750 million target. For the 1979/80 biennium, pledges thus far stand at the equivalent of $700 million. Target for the period is $950 million. □



Top: Lunch for these schoolchildren in Nigeria includes food supplied by the World Food Program. Middle: A young worker at a Pakistani tree nursery waters seedlings that eventually will be planted on eroded watersheds. Bottom: Typical markings on World Food Program supplies.

Turkey's Farm Exports Set Record in 1978

By Walter A. Stern

Top: Buyers and sellers at one of Turkey's sheep markets. Middle photo: Boxes of Turkish grapes for export. Bottom: A happy Turk with a double handful of husked grain.

Turkey's agriculture in 1978 outperformed the country's industrial sector by a wide margin, accounting for a record $1.5 billion of the country's total $2.3 billion export earnings. Farm exports in 1977 were valued at about $1.1 billion, and in 1976 at $1.3 billion.

Favorable growing weather for the third consecutive year boosted production of most major crops, and higher world prices of some commodities helped push total export value of farm commodities 36 percent over the year-earlier level.

Turkey's agricultural imports in 1978 totaled $101 million—significantly lower than 1977's $170 million, largely because of the shortage of foreign exchange.

Despite this shortage, the Government is emphasizing expansion of the livestock sector to meet growing domestic demand for meat and meat products, and continuing shortages of vegetable oils and tallow are expected to result in a significant level of imports in these categories.

In 1978, vegetable oil imports were valued at an estimated $22 million and tallow imports at $2 million. U.S. suppliers should have a competitive advantage in meeting Turkish requirements for these products.

The shortage of foreign exchange is forcing the Government to take every possible measure to increase exports of agricultural products.

Cotton, tobacco, filberts, raisins, wheat, citrus, dry figs, and olive oil will be the major export crops during calendar 1979. Agricultural exports could reach $1.6 billion if weather conditions remain favorable and world prices for these commodities remain firm.

However, the Government's temporary suspension (on May 4) of cotton and olive oil exports could lower estimated export earnings from agricultural products significantly. The ban on cotton exports was issued to assure adequate supplies for the domestic textile industry and to stabilize prices. Olive oil exports were stopped to provide sufficient supplies for domestic requirements.

Imports of farm products in 1979 are likely to remain at relatively low levels because of the foreign-exchange shortage. Imports probably will consist mainly of several hundred dairy cattle, 40,000-50,000 tons of soybean oil, 30,000-40,000 tons of rice, and 15,000-20,000 tons of tallow.

The Turkish Government continues to be faced with serious economic problems stemming from rampant inflation, high unemployment, and shortages of industrial commodities and consumer goods.

In a move to stabilize the economy, the Government in 1978 negotiated a stand-by agreement with the International Monetary Fund, (IMF). Negotiations with the IMF for the third payment of the agreement have not been concluded, and it is doubtful if any loans from other sources can be obtained until the new IMF negotiations have been successfully completed.

Turkey also has requested financial assistance from NATO countries and the European Community to finance the needs of its fourth 5-year plan.

Efforts also have been made to reschedule official debts and guaranteed commercial arrears under the auspices of the OECD, and Turkey is negotiating with commercial banks to re-

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schedule convertible lira accounts and other bank debts.

Turkey's current 5-year plan projects an average growth rate for agriculture of 5.3 percent during 1979-83. The planned growth rate for the industrial sector is 9.9 percent and for services, 8.4 percent. During the period, agriculture's share of gross national product would be reduced from 22 percent to 19.4 percent, while the contribution of the industrial sector would be increased from 29.5 percent to 31.8 percent. The projected growth rate for 1979 is 6.7 percent.

In 1978, Turkish agricultural production was above 1977's because of generally favorable weather. Production and export values were higher than in the previous year, but per capita production and export values were lower because population growth (about 2.6 percent) exceeded agricultural growth.

In general, 1978 production of cereals, cotton, sunflowerseed, grapes, raisins, and pistachios was lower than in 1977, while production of sugarbeets, filberts, tobacco, olives, milk, and eggs was higher.

Major crops that showed some changes in area and production in 1978:

Cereals: All outturns were lower than 1977's because of dry weather.

Cotton: Some producers switched to wheat because of more attractive prices and higher labor costs for cotton. Production for 1978 is estimated at about 495,000 tons, compared with 575,000 in 1977.

Sunflowers: Planted area in 1978 was about 10 percent larger than in 1977 mainly because of a higher support price. However, dry weather during the growing season reduced the 1978 crop to about 400,000 tons of seed, even smaller than 1977's 455,000 tons.

Grapes and Raisins: Total grape (include sultanas) production in 1978 was about 3 million tons, compared with 3.2 million tons in 1977. Sultana output in 1978 is estimated at about 80,000 tons, compared with 110,000 tons in 1977.

Sugarbeets: Production continued its upward trend in 1978 and reached a record 9.3 million tons, compared with 9 million tons in 1977. Continued expansion of processing capacity will require larger planted area.

Tobacco: High support prices encouraged producers to expand area from 270,000 hectares in 1977 to 285,000 in 1978, resulting in a gain in production from 245,232 tons to 290,300 tons. However the high level of unsold leaf stocks indicates that the Government may have to change its policy to lower production and stocks.

Olives: Production in 1978 (an on-year) reached 950,000 tons, compared with 450,000 tons in 1977. Olive oil production was 160,000 tons in 1978, compared with 60,000 in 1977.

Poultry: Eggs and poultry meat production increased at high rates during 1978, making the poultry industry one of the fastest growing in Turkish agriculture. Egg output in 1978 was about 4.4 billion, compared with 3.9 billion in 1977. □

New Zealand Cattlemen See Good '79

Higher cattle prices and good export demand for meat indicate a year of improved returns for New Zealand's cattlemen. Sheep producers are faring even better.

With higher cattle prices reflecting strong export demand for beef, New Zealand cattlemen are looking forward to a profitable year in 1979, following several years of low prices that caused them to cut the size of their herds. Yet, despite these improved profits, those in the sheep industry have been better, and the resulting dissatisfaction may bring about a further slight reduction in cattle numbers in 1979.

The poor returns for cattle farming, compared with those from sheep raising, plus drought conditions in 1978, caused cattle producers to cut the country's herd size from 9.8 million head at the beginning of 1976 to an estimated 9.0 million head at the beginning of 1979.

Beef cow numbers dropped from 2.1 million head in 1976 to an estimated 1.9 million in 1979. The number of dairy cows also fell.

One effect of the smaller beef cattle herd will be an expected 7 percent drop in New Zealand's beef exports, falling to 210,000 metric tons (product weight).

Swine numbers and pork exports also are expected to drop in 1979, while sheep numbers and lamb and mutton exports probably will rise.

The United States has been a major market for New Zealand beef, and took some 142,000 tons in 1977/78. The voluntary restraint level for 1978/79 is 154,000 tons. High beef prices in the United States will encourage New Zealand to fill its 1979 allocation.

New Zealand's meat sales to Japan—particularly of beef—were better in 1978 than for many years. New Zealand is expected to increase its shipments to Japan in 1979 in an effort to demonstrate its ability to supply a steady flow of beef to that market. But it is unlikely to do this at the expense of demands from the U.S. market.

Following a period of inactivity, Japan made some relatively small mutton purchases in 1978 and exporters are optimistic there is a potential for growth as Japanese consumers become more accustomed to handling and cooking the frozen product.

Japan has been New Zealand's main outlet for mutton, but competition from Australian meat and other alternative protein sources in the Japanese market have resulted in volatile price changes.

Until late in 1978, mutton sales to the USSR were considerably lower than those of the previous year—16,000 tons compared with 72,000 tons. Two substantial Soviet orders were received in January 1979 and are expected to total nearly 40,000 tons.

Lamb exports during 1977/78 to the United Kingdom, New Zealand's most

important lamb market, dropped 14 percent below year-earlier levels to 179,925 tons.

To some extent, the drop was because of successful marketing efforts in countries other than the United Kingdom. But these activities in non-EC markets make it difficult for New Zealand to sell the idea it should have favored access to the U.K. and other EC markets for New Zealand lamb.

Moreover, lamb sales to the United Kingdom during 1979 may be thrown off stride if strikes break out in New Zealand. Such outbreaks could force the New Zealand Meat Producers' Board to stockpile carcasses in New Zealand.

Already, unusually severe weather in the United Kingdom early in the year has hampered distribution of lamb carcasses to U.K. retail outlets during what is considered the prime marketing season.

One bright prospect is that New Zealand may be able to strengthen its trade relationship with Korea. Livestock product trade with that country has grown from $NZ5.4 million in 1974/75 to $NZ43.5 million in 1977/78. Exporters are hopeful that this trade in tallow, hides, and mutton and lamb can be expanded.

Not so bright is the claim by the chairman of the Meat Producers' Board that the industry may have trouble meeting future demand because of internal problems. New Zealand's ability to produce sufficient meat animals, to kill them, process the meat, and deliver it as needed in the presence of industrial strife is a major problem. Often the beginning of a slaughter season is marked by negotiations by Government, trade union, processing, and producing elements in an attempt to get the season off to a smooth start.

Furthermore, if the New Zealand Meat Board takes over the marketing of all mutton instead of intervening when producer prices fall too low, new and unforeseen problems may crop up.

New Zealand's forecasts of 1979 meat exports—in carcass-weight equivalent—(year ending September 30), in tons, compared with actual shipments for the same period in 1978, (in parentheses), are: Beef and veal, 325,000 (346,334); lamb and mutton, 410,000 (378,176); and pork, 600 (932).—*Based on a report by James W. Benson, U.S. Agricultural Attaché, Wellington.* □

Ecuador Increases Lending For Livestock Improvement

Ecuador plans to strengthen its livestock industry by making about $140 million available to livestock producers for capitalization and credit through the National Development Bank, according to Lloyd I. Holmes, U.S. Agricultural Attaché in Quito.

The availability of credit plus the Government's official attitude in favor of improving dairy and beef livestock productivity is expected to bring some growth during 1979. More breeding animals are to be imported, and new quarantine stations are to be opened. Particular emphasis is being placed on such dual-purpose animals as Brown Swiss, and crosses between Brahman and Brown Swiss, Charolais, Holstein, and others.

Ecuador's imports of breeding animals in 1978 included 106 head of Brown Swiss from Nicaragua, 106 head of water buffalo from Trinidad-Tobago, and 227 fighting bulls from Spain.

All meat and meat products produced in Ecuador are consumed domestically. Imports and exports of meat, meat products, and byproducts are prohibited.

Although Ecuador's total livestock population is expected to show some growth during 1979, cattle numbers—mainly beef—will at best remain stagnant because of weather and pasture conditions.

Total cattle numbers for 1979 are projected at about 3 million head, swine at 3.4 million, sheep and lambs at 2.3 million, and horses at 300,000 head.

Meat production is forecast at 71,700 tons of beef, 4,200 tons of mutton and goat, 5,500 tons of lamb, and 42,000 tons of pork.

Foot-and-mouth disease continues to be a problem. The Government made 1.6 million vaccinations in 1977 and 869,440 in the first 6 months of 1978. According to the Government, the general rate of occurrence is 41 percent.

Consumption of meat and livestock products is expected to increase, even though prices and consumer opposition to these prices also are expected to rise.

There is no supplementary feeding of beef cattle in Ecuador and little—if any—for dairy animals. Last year's drought and the lack of adequate varieties of grass that resist the poor pasturing system and deliver enough nutrients for cattle are inhibiting factors in grazing.

Hog producers, too, are attempting to improve their techniques and facilities. Their major problem continues to be financing.

A basic question is whether assistance can be obtained in time for the country's swine population to continue growing—or if it will reach a point—like the cattle industry—where continued heavy slaughter will hold down growth.

Milk production is far below the country's total needs, although it increased 4.9 percent in 1977 over the 1976 level and 3.2 percent in 1976 over the year-earlier total.

Because the price of milk is fixed, many dairy producers are converting their output from milk to cheese and butter to improve their returns.

The Government has an agreement with Switzerland for technical assistance in setting up a cheese manufacturing center. The center's products, which are of high quality, are marketed through a retail outlet in Quito.

Ecuador's poultry industry appears to be expanding, although firm data are lacking. According to the Government, broiler production in 1977 increased about 20 percent over the 1976 level, and layers in the same period may have expanded even more rapidly. Egg production rose 33 percent, and poultry meat production 22 percent.

There are an estimated 640 poultry operations in the country, with 16 million birds. □

International Meetings—June

Date	Organization and location
4–9	Holstein-Friesian symposium, Warsaw.
5–8	World Congress, International Association of Seed Crushers, Amsterdam.
5–8	Fruits and Vegetables Working Party, OECD, Paris.
11–12	Cooperator-sponsored livestock feed seminar, Bucharest.
11–13	Dairy Products Working Party, OECD, Paris.
11–15	International Sugar Council, London.
11–22	FAO Council, Rome.
12–14	International symposium on animal fats in feed, Brussels.
13–15	Association of U.S. University Directors of International Agricultural Programs, Baton Rouge, La.
14–15	Cooperator-sponsored livestock feed seminar, Prague.
14–16	Annual meeting, Tobacco Association of the U.S. (U.S. and foreign outlook), White Sulphur Springs, W.Va.
19–21	Cooperator-sponsored livestock feed seminar, Leipzig.
25–28	Food Aid Committee and International Wheat Council, London.
25–29	Fourth preparatory meeting on cotton, UNCTAD Integrated Program for Commodities, Geneva.
25–29	U.S. Agricultural Attaché consultations (with Cooperator seminar on June 26), Washington, D.C.
25–30	Executive Board, International Fund for Agricultural Development, Rome.

Continued from page 19

Food Prices

tachés was recorded in Canberra—$17.62. In addition to the South American capitals mentioned, The Hague's coffee price—at $5.10 per kilogram—was the only other one lower than that in Washington—$6.59.

Produce. Tomato prices were up or down seasonally in all capitals. The price of tomatoes in Stockholm—at $5.11 per kilogram—was the highest surveyed and reflected a 16 percent increase from the March level. These tomatoes are imported from the Netherlands, where prices are at near-record levels because of short supplies and high production costs.

In Bern, garden tomatoes from the Mediterranean are replacing hothouse varieties, but wholesale prices are still high as beginning-season quantities are low.

Tomato prices were up 29 percent in Brussels, but Canberra and Pretoria were enjoying seasonally lower prices.

Potato prices were at the lowest level in Washington, D.C., as consumers were still benefiting from the record crop. The price for a kilogram of potatoes—at 22 cents—was down 4 cents since March and is at the lowest level since the FAS food survey began in 1973.

In contrast, potato prices in Copenhagen were up 100 percent over the March level, reflecting import requirements at the end of the domestic season.

Copenhagen and Stockholm reported high apple and orange prices because of reliance on imports.

In Buenos Aires, apples and oranges are a good buy as the newly harvested crop comes on the market. Oranges are also a good buy in Bern, where the market is saturated with Jaffa brand oranges from Israel. □

Trade Teams—June

U.S. Teams Overseas

Date	Team	Visiting
May 23–June 12	U.S. Plant Growth Modeling	USSR
May 27–June 6	Peanut trade	Spain, Italy, the Netherlands.
May 30–June 16	Animal breeding specialists (conduct semen seminars)	China, Japan.
1–21	Cotton trade	Philippines, Indonesia, Thailand, Bangladesh, India.
6–24	Soybean	Austria, Romania, Czechoslovakia, West Germany

Foreign Trade Teams in the United States

Date	Team	Visiting
May 24–June 10	Southeast Asian grain	California, Louisiana, Missouri, Illinois, Texas, Washington, D.C.
May 27–June 6	Middle East dairy	California, Florida.
May 28–June 11	Chinese citrus	California, Florida.
June 8–July 1	Malaysian wheat millers	California, Oregon, Washington, Montana, Kansas, Oklahoma Louisiana, Washington, D.C.
June 20–July 15	Chinese animal health delegation	Maryland, Iowa, New York.
June 26–July 11	Soviet agricultural automation	Indiana, New York, Virginia, Washington, D.C. (tentative).

U.K. Citrus Consumption Seen Higher

A higher level of citrus consumption in the United Kingdom is forecast for calendar 1979 by the U.S. Agricultural Counselor in London. A quality-conscious market and a strengthened economy are major factors in the favorable outlook.

U.S. lemons are very price-competitive this year, and the U.S. grapefruit market position has become further entrenched. As a result, prospects for expanded U.S. imports into the United Kingdom are bright, particularly with a good crop and minimal price rises.

With adequate supplies, U.S. citrus exporters should be able to reassert their positions in the U.K. market without difficulty and may enlarge their market share slightly.

U.K. consumption of fresh and juice citrus products is expected to increase this year, while canned citrus intake is forecast to level off at 1978 levels.

U.S. citrus in 1978 accounted for 1 percent of the U.K. orange import market and 6 percent of the lemon market. U.S. representation was relatively low in 1978 because of lack of available supplies. □

Agriculture Helps Economy Expand In El Salvador

With the agricultural sector again a major contributor, El Salvador's economy showed a steady growth in 1978, registering a 4 percent gain from the previous year's. The Gross Domestic Product (GDP) exceeded US$3 billion for the first time, rising from $2.84 billion in 1977 to $3.08 billion.

The agricultural share of the GDP dipped slightly last year, to an estimated 29 percent from 31 percent in 1977. However, revenues from the major farm export, coffee, are estimated at near the $600 million registered from 1977's coffee sales, despite a temporary slowdown in coffee exports last year. Coffee sales in 1977 accounted for 21 percent of the country's GDP.

All agricultural sectors were active during 1978. For 1978/79, production of basic grains is expected to reach record levels. Coffee production should be the second best in history at about 3 million bags (60 kilograms each) and cotton outturn in 1978/79 is estimated at 340,000 bales (480 lb net), 7 percent below that of 1977/78. As a result of favorable weather, sugar production will also equal last year's 290,000 metric tons, despite a 5 percent drop in area. Livestock production rose 22 percent in 1978 and should be up even more in 1979 as exports are expected to increase by 50 percent.

In trade with other countries, the United States is El Salvador's major trading partner; however, figures showing the U.S. share of 1978's imports and exports are not yet available. El Salvador's total exports in 1977 amounted to $975 million, of which the United States accounted for 32 percent. Imports for 1977 totaled $942 million, 29 percent of which were supplied by the United States.

According to trade information available from preliminary U.S. Census data, U.S. agricultural exports to El Salvador during calendar year 1978 amounted to $46.9 million, compared with $48.4 million for the year earlier.

U.S. agricultural imports from El Salvador during the full year of 1978 were $156.0 million, compared with $319.5 million for 1977. The main reason for the decline was reduced coffee imports.

Wheat, which is not produced in El Salvador, is one of the country's main agricultural imports and is traditionally supplied entirely by the United States. Wheat imports for 1978/79 are projected to reach 110,000 tons, up 7 percent from the year-earlier level. If consumption patterns follow recent trends, imports could reach 120,000 tons in 1979/80.

Because of droughts and

Rise in Nicaragua's Farm Output Boosts Exports

Nicaragua's agricultural production—prospering from good weather—is expected to show gains in nearly all categories during 1978/79. For the country's two big export earners: coffee output should reach record levels and a slight increase seems likely for cotton, despite a 21 percent decline in area.

Boosted by increased coffee revenues, agriculture's contribution to the country's Gross Domestic Product increased to 25 percent last year from 22 percent a year earlier. Nicaragua's total imports of $629 million last year exceeded exports by $6 million. The United States has accounted for nearly one-third of Nicaraguan imports and exports over the past 2 years.

One of the brightest spots in Nicaragua's agriculture was beef production, which rose sharply last year, making it possible for Nicaragua to fill its 1979 beef voluntary restraint level under the U.S. Meat Import Program. In addition, this year's sugar exports could easily meet the maximum allowed of 125,000 metric tons for Nicaragua under the International Sugar Agreement (ISA).

Nicaragua's coffee production for 1978/79, despite some infestation of coffee rust, should expand around 11 percent to a record 1,075,000 bags (60 kilograms each), most of which would be for export. Looking ahead, coffee area will not change significantly and if the weather is near normal, the country could produce another record crop in 1979/80—perhaps 1.1 million bags.

Despite the sharp drop in area, cotton production in 1978/79 is placed at 575,000 bales (480 lb net) as a result of favorable weather. This is a gain of about 10,000 bales from the year-earlier level. Area declined because many producers had experienced poor crops stemming from droughts over the past 2 years.

What happens next in the cotton sector depends largely on how producers fare this year. If they get through the current season without serious difficulties and if prices are strong at planting time, area may be about the same again next year.

Although area was down slightly, Nicaragua's sugar production is estimated at 225,000 metric tons in 1978/79, a gain of 5 percent from the previous season's level. Output of molasses will drop nearly 7,000 tons to 110,000 tons.

Another plus is occurring in coarse grains. An expected record harvest will mean that Nicaragua will not have to import feedgrains for the first time in 3 years.

This season's corn production is expected to rise sharply to 254,000 tons from 181,300 in 1977/78, while sorghum output is estimated at 63,800 tons versus 42,800 in 1977/78.

An 8 percent expansion

other problems, El Salvador has had to import from 60,000 to 80,000 tons of grains other than wheat in each of the last 3 years. With record production in 1978/79, however, it is unlikely any substantial quantities will be imported either this year or next.

As a result of good weather and large plantings, 1978 corn output is estimated at a record 540,000 tons, compared with 380,000 in 1977. Output of sorghum is estimated at 175,000 tons, up from 151,000 and that of rice at 58,000 tons (paddy), up from 34,000.

Agricultural exports always have been an important part of El Salvador's economy and will continue to be so in 1979.

Although coffee exports were down in 1978 (because of the country's temporary withdrawal from the market), total shipments for 1977/78 still reached almost 2.5 million bags.

Of all agricultural commodities traded, coffee undoubtedly has been the most erratic. For several months during 1977/78, El Salvador removed itself from the world market and exports nearly ceased. Although official figures are not available, estimates place total exports for 1977/78 at 2.49 million bags, compared with 2.98 million in 1976/77.

Normal shipments have now resumed and exports for 1978/79 are projected to be at least 2.8 million bags.

According to U.S. Census Bureau, green coffee exports to the United States during January-November, 1978, totaled 578,567 bags versus 1,032,433 bags for the same period a year-earlier. Value of coffee shipped to the United States for the same months fell from $283.9 million in 1977 to $105.1 million last year.

Beef exports during the last quarter of 1978 were especially brisk, owing to much stronger prices. Under the U.S. Meat Import Program, U.S. beef imports from El Salvador totaled about 8.0 million pounds for the year, compared with only 3.5 million in 1977. El Salvador's beef exports to all destinations in 1978 were 8.5 million pounds.

The country's beef export activity is expected to be high in 1979 and given the current outlook for beef prices this year, El Salvador will probably export its agreed level of 14.7 million pounds to the United States.

Like other Central American producers, virtually all of El Salvador's sugar exports go to the United States. Exports for 1977/78 are believed to have reached 136,000 tons and they should be at least as high during 1978/79.

Despite any reduction in area or production, El Salvador will carry over large sugar stocks from 1978/79. As a result, El Salvador should have no problem exporting its quota under the International Sugar Agreement (ISA), even if full quotas are in force at the time. The basic exportable tonnage El Salvador is allowed under the ISA for calendar 1979 is 145,000 tons.

Cotton exports for 1978/79 are expected to be 300,000 bales, 14 percent more than the 262,000 bales exported a year earlier.—*Based on a report from James W. Brock, U.S. Agricultural Attaché, San Salvador.* □

in bean area plus good weather will result in a production increase of about one-third to 55,500 tons. Rice outturn is up around 11,000 tons to 48,300 tons.

Beef production registered a substantial advance in 1978, owing mostly to higher exports, but also to increased domestic consumption. Beef output in 1978 was about 85,000 tons, carcass weight equivalent, compared with 71,278 tons a year earlier.

Coffee is grown mainly for export as the country counts heavily on coffee revenues for foreign exchange. Exports should approach 1 million bags in 1978/79 and could rise even further next season. According to U.S. Census Bureau data, Nicaraguan green coffee exports to the United States during calendar 1978 totaled 8,828 tons worth $33.2 million, up from 7,160 tons valued at $29.8 million for 1977. In 1978, Nicaragua's soluble coffee exports to the United States, based on U.S. Census Bureau data, were down to only 51 tons worth $408,000, compared with 91 tons worth $914,000 a year earlier.

Regardless of production levels, cotton will continue as one of Nicaragua's most important crops and every effort will be made to facilitate exports. For 1978/79, exports are expected to reach 555,000 bales and they could remain at that level during 1979/80, compared with exports of 542,000 bales in 1977/78.

The United States historically has been virtually the sole market for Nicaragua's exported sugar. According to U.S. Census Bureau data, Nicaragua shipped 77,377 tons of sugar worth $18.1 million to the United States during 1978 as opposed to 117,083 tons worth $23.2 million during 1977.

For 1979, Nicaragua's total sugar exports could easily fill the ISA quota of about 125,000 tons. In addition, shipments of molassas probably will hold steady at around 65,000 tons.

A highlight of the good export performance last year was the expansion in beef exports to record levels, owing largely to higher prices and an increased allocation under the U.S. Meat Import Program.

Nicaragua shipped nearly 78 million pounds of boned beef during 1978, almost all of which went to the United States. If prices remain strong during 1979, beef exports could reach 80 million pounds and Nicaragua should fill its 1979 quota of 64.1 million pounds under the voluntary export restraint program with the United States.

Nicaragua's major agricultural import is wheat, which is traditionally supplied exclusively by the United States. Imported wheat is expected to rise 7,000 tons to 62,000 in 1978/79 and may show a modest increase of about 3,000 tons in 1979/80.

Increased demand for bakery products—spurred by U.S. market development activities — contributed to last year's jump in wheat purchases. However, the big increase in feedgrain and concentrated feed imports probably will not be repeated this year because of the record domestic grain crop for 1978/79. But, there should be some market opportunities for soybean products used as supplements in feed compounds. —*Based on a report by James W. Brock, U.S. Agricultural Attaché in San Salvador, El Salvador.* □

Decline in Benelux Dairy Farming Continues

Despite a year of favorable production costs, the number of dairy farmers in Belgium/Luxembourg continued to slump in 1978 and a further drop is expected this year.

The decline in the dairy sector is largely attributed to a continuation of a long-term downtrend and the effects on the nonmarketing of milk and herd conversion programs within the European Community (EC). As a result of these programs, there was a greater culling of low-yielding cows.

Also for 1979, officials in the Belgian Ministry of Agriculture see a status-quo situation developing in the number of milk cows and milk output, with the latter depending to a large extent on weather conditions during the year.

Moreover, little change, if any, is likely to occur this year in the amount of milk used for fluid-milk consumption and for cheese production in Belgium/Luxembourg. On the other hand, Ministry officials predict a significant increase in the amount of whole milk used for feed.

In the absence of new export opportunities for whole dry milk, as was the case in 1977, butter and nonfat dry milk (NFDM) production is expected to remain at about the same high level as in 1978.

In terms of production costs, last year was very favorable for dairy farmers in Belgium/Luxembourg as good weather conditions resulted in ample supplies of grass, hay, and other forage products. In addition, average domestic prices for soybean meal were about 15 percent below the year-earlier level.

However, the number of farmers holding milk cows in Belgium is estimated at 60,000—7 percent less than that of 1977. This year, the number is expected to drop about 5 percent.

The number of lactating cows in Belgium/Luxembourg for 1978 is estimated at 1.04 million, slightly under the year-earlier level. But, average milk production per cow was substantially higher, resulting in a 4.6 percent gain in the two countries' combined milk production — estimated at 4.05 million metric tons. Virtually all of this increase was absorbed in the manufacture of dairy products.

Unlike the year before, the 1978 production of whole dry milk in Belgium/Luxembourg declined about 50 percent to a more normal level, while the output of butter and NFDM climbed about 20 percent. Despite the increased use of these products, most of the gain was expected to wind up in ending stocks for the year.

Small gains were also expected in cheese production.—*Based on a report from Frank A. Padovano, U.S. Agricultural Attaché, Brussels.* □

Continued from page 9

U.S. Poultry, Eggs

bia took $4.2 million of U.S. product, up 77 percent. Exports of chicken parts advanced 155 percent to $2.0 million and turkey meat shipments were at $506,000 —up 14 percent.

Shipments to the United Arab Emirates soared 171 percent to $2.7 million. Kuwait imported $2.6 million worth of U.S. poultry and eggs, a 99 percent improvement from year-earlier levels.

Other Middle Eastern countries registering strong increases in imports of U.S. poultry and eggs last year were: Oman, $1.2 million, up from $31,000 in 1977; Bahrain, $466,000, an increase of 92 percent and Yemen (Sana), $396,000, up from $24,000.

Almost all of the Middle Eastern countries listed substantially increased their imports of U.S. chicken parts, table eggs, and turkey meat. Given the heavily subsidized competition in this area from EC and Brazilian exports of broilers, U.S. exporters did an outstanding job.

Brazilian exporters benefited from a tax credit of 15 percent on the f.o.b. value of broiler exports with Middle Eastern countries the main beneficiaries.

Preliminary reports place 1978 Brazilian broiler exports at almost 51,000 tons, with a forecast of 70,000 tons for 1979. The U.S. Agricultural Officer in São Paulo recently reported that a Brazilian exporter has been awarded a tender to supply Iran with 20,000 tons of broilers at a c.i.f. value of $23 million. Shipments are to be made over a 9-month period following signing of the contract.

EC whole chicken exports to the Middle East move with the assistance of heavy export subsidies. In 1977, these exports exceeded 100,000 tons with France supplying 43 percent of the total.

West Germany, the largest poultry meat importer in the world, exported an estimated 17,500 tons with the help of a huge subsidy, amounting to 40 U.S. cents per kilogram during the latter part of 1978.

U.S. poultry and egg exporters will again face subsidized competition and restrictive trade barriers in 1979 as they seek to increase their shipments to record levels for the eighth straight year. U.S. exporters need to continue their aggressive export policy by searching for new markets, as well as new possibilities within existing markets.

In 1978, their products entered 110 markets around the world. The fact that the diversity and quality of U.S. poultry and egg products are unmatched by any other country points to another successful year in 1979.

The PEIA/FAS market development program has contributed substantially to the success of U.S. poultry and egg exports. PEIA's overseas offices, located in London, Frankfurt, Tokyo, and Hong Kong, carry out many market development activities as well as assisting U.S. exporters. PEIA plans to open an office in the Caribbean soon.

For assistance in exporting poultry and egg products contact: Rolland E. Anderson, Director, Dairy, Livestock, and Poultry Division; Robert E. Mannion, Deputy Director, Marketing, or William J. Mills, Supervisory Marketing Specialist, U.S. Department of Agriculture, Foreign Agricultural Service, Washington, D.C. 20250. □

Continued from page 17

Brazil Drought

southern Brazil again this year. In Rio Grande do Sul, the drought was worse than in 1978, with only 20 percent of normal rainfall falling during January-February, compared with over half of normal last year. The dryness extended into Paraná and São Paulo, but was less severe in those States.

In the southeastern States of Rio de Janeiro, Espirito Santo, and parts of Minas Gerais, extended heavy rains in January and February caused widespread flooding.

This spring, northeast Brazil suffered from one of its periodic droughts. This region, characterized by small plots farmed almost at the subsistence level, is an important producer of cotton and castorbeans.

Soybean production this year was originally expected to reach 13.8-14.0 million tons, up more than one-third from last year's. Because of the drought, output will only reach around 11.2-11.7 million tons. The shortfall in production will affect exports again this year.

Soybean export registrations have been frozen at the 1.1-million-ton level since early February. Export registrations of soybean meal and oil were temporarily suspended, but opened up again in late April. Export quotas for meal and oil have been set for each crusher. Overall quotas are 5.1 million tons for soybean meal and 567,000 tons for oil.

Corn output this year also was down from original expectations, and imports will be needed once again. From an original production estimate of 19.5 million tons, production estimates have dropped off to around 16.5-16.8 million tons, which falls short of estimated consumption requirements of nearly 18 million. Imports of about 1 million tons, primarily from the United States, will be required to cover the shortfall.

Rice output was also down due to dry weather, mainly in Paraná; final production should be around 8.1 million tons. The dry weather was worst in Rio Grande do Sul, but the rice there is mostly irrigated, and thus was little affected. Good rains in the Center-West enhanced crop prospects in these upland rice areas.

Indications are that planted area of the 1979 wheat crop, to be harvested during September-November, will increase substantially over last year's, and could reach 3.0 million hectares. Producers are generally pleased with last year's results—especially in Rio Grande do Sul—and requests for seed have been strong. If yields are average, total output could range between 2.6 million and 3.0 million tons.

Just as important as production in determining wheat import requirements is consumption, which is subsidized and continues to grow at a strong rate. Imports during 1979 may reach about 4.0 million tons, making Brazil the world's sixth largest wheat importer. The U.S. share of these imports will likely be somewhat smaller because of imports of subsidized French grain and possible imports from other countries.

Citrus output in 1979 will not be up to the record crop of 1978, but will exceed earlier expectations as the second flowering was very good. The frost of August 1978 has adversely affected coffee output in 1979. □

U.S. Export Credit for Sudan

USDA has established a $20-million credit under the CCC Export Credit Sales Program to finance approximately 145,000 tons of U.S. wheat for Sudan.

An allocation of $5 million under USDA's Noncommercial Risk Assurance Program will provide protection against noncommercial risk defaults in payments to exporters who sell U.S. cotton to Indonesia on credit. The allocation covers about 15,000 bales of cotton.

Interest rates charged for CCC Export Credit Sales Program financing are 11.5 percent with a U.S. bank and 12.5 percent with a foreign bank repayment guarantee.

The following agricultural commodities are eligible for CCC Export Credit financing: Barley, breeding cattle and swine, yellow corn, cotton, cottonseed meal and oil, linseed meal and oil, complete mixed feeds (containing minimum 85 percent eligible commodities), oats, peanut oil, potatoes (including seed and dehydrated potatoes), protein concentrates (containing minimum 75 percent eligible commodities), rice, sorghum, soybeans, soybean meal and oil, edible soy protein, sunflowerseed meal and oil, tallow, tobacco, wheat, and wheat flour. □

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Australia Cuts 1979 Corn, Sorghum Estimates

Australian estimates for the 1979 grain sorghum and corn crops have been reduced from earlier levels, largely because of short-term dry spells in some districts, although there was excessive moisture in several corn-producing regions, according to U.S. Agricultural Attaché Brice Meeker.

The country's grain sorghum estimate was cut to 1 million metric tons from the earlier figure of 1.2 million tons, mainly because of an absence of rains during the spring planting season. Production and yields in most of Australia's producing states were affected.

In Queensland, grain sorghum area is now estimated at 303,000 hectares, but yields in many districts will be somewhat below average because the crop was planted late or moisture was short. The Queensland crop is estimated at about 600,000 tons.

Grain sorghum plantings in New South Wales totaled about 165,000 hectares, but dry hot conditions in many districts caused moisture stress and reduced potential yields, with dryland crops particularly affected. The New South Wales Sorghum Marketing Board still expects a crop of about 400,000 tons, but a more realistic figure may be 350,000 tons.

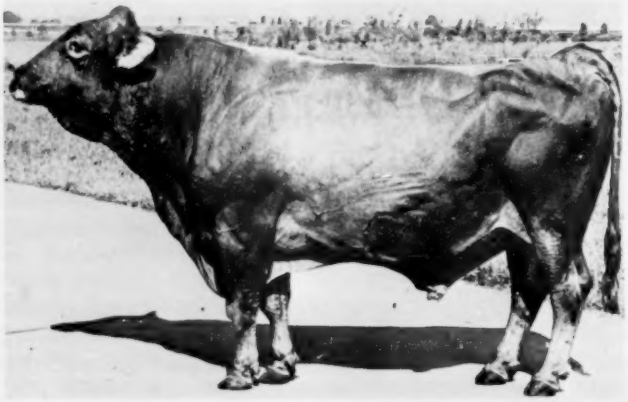
Australia's corn production is estimated at about 125,000 tons, down from the earlier estimate of 140,000 tons. Lack of rain in October/November in New South Wales, and excessively wet conditions in northern Queensland were responsible for the drop.

Queensland plantings are now estimated at 31,000 hectares with a potential output of 75,000 tons. In Mareeba district and Atherton district tablelands there was an excess of rainfall and some abandonment is expected in badly waterlogged areas.

On the other hand, corn crops in southern Queensland were moisture stressed by hot, dry conditions in December and January. Subsequent rains improved conditions somewhat, but average yields are expected to be lower than usual.

In the New South Wales, plantings on the north coast were lower than last season's, although some expansion was anticipated, mostly because planting rains arrived late. In the inland districts of New South Wales, districts were moisture stressed during the hot weather of December and January and yields will be less than average. Currently the estimate is for a New South Wales corn crop of 49,000 tons. □

Norvicus Leaves His Record to Posterity



Norvicus—the U.S. "king" of the Memmingen Stud in West Germany—is dead at the ripe old age of 11. He left behind 5,200 daughters and 1,338 sons, sired during his service in Bavaria. Norvicus was one of six registered U.S. Brown Swiss bulls selected from herds at the Norvic Farm in Wisconsin in 1968 by Brown Swiss Cattle Breeders Association—a USDA cooperator—to help upgrade dairy herds in Bavaria.